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WANTED—A PERFECT BANKING SYSTEM.

Whenever a bank failure occurs forthwith some persons discover a defect in the law which must be so amended as to prevent a similar recurrence. They do not consider that the event may have happened notwithstanding the law; they seem to think that however great the bank rogue may have been, if the law had been properly framed the wrong might have been prevented. This belief in the efficacy of ordinary social law is still very prevalent, and people are very slow in learning that good banking like good government is far more dependent on men than on measures. One of the most obvious truths is, that a government or association of any kind, though perfect in form, may nevertheless operate very imperfectly in consequence of inefficient or corrupt executors.

And this remark applies with no less force to the National Banking, and to every other banking, System. Every one knows, who is familiar with the system, that in many respects it is a vast improvement over the State systems which it succeeded; nevertheless, the gravest consequences have happened in administering the system. For example, the law declares that not more than ten per cent. of the capital shall be loaned to a person, and this provision surely is a wise one. Every one understands its meaning; yet in many cases this provision of the law has been vio-

lated; the money of the bank has been loaned to one or two persons, and who by their failure to repay have caused the ruin of the bank. Surely this is not a defect in the law, and yet again and again has a bank gone down, not because this provision existed, but in consequence of the failure of the officers to observe it. The remark applies to other provisions of the law. For example, it is very specific in its requirement concerning the reserve which a bank must keep, and yet there was a tendency in the earlier days of National banking among the less conservative bankers to disregard this provision. Under the State Banking System many of the banks kept little or no reserve. They loaned nearly everything in order to swell their profits, and they were unwilling to submit to such a regulation as this requirement imposed. And yet the more conservative bankers readily acquiesced, knowing that this was one of the best features of the law and that it should be strictly observed. Experience has convinced every one that this requirement is not excessive, because periods like that through which we are now passing can never be wholly escaped.

The radical difficulty is not with the present system of banking, but with too many of the officers who administer the banks. Most of them have had a severe trial during the last few months and have proved their fitness for their places; but unhappily this cannot be said of all. Many of the failed banks have made a woeful disclosure of incapacity and dishonesty. Nor can a system be devised that will insure a certain escape from these evils. Banking is chiefly a matter of experience, faith and law, and however wise may be the laws and harsh the penalties for their violation, they have been, and will be, violated. It is not possible to invent devices that will prevent losses and mistakes and wrongdoing. It is true the system might be amended, so that those who are inclined to obey the law will have a clearer chart to guide them, and yet there is not very much force even in this remark, for experience has taught bankers well enough how they should conduct their institutions. For example, as we have already remarked, if experience teaches anything, it is that a bank should have a reserve from which it can respond to any sudden demand for money. There are those even now who do not strongly believe in keeping a reserve, who think that they are wise enough, if a storm is coming, to prepare for it; but they never have prepared, and probably they never will be wiser in the future. A striking proof of this remark is the conduct of some of the trust companies established in the larger cities, which by reason of the different nature of their deposits have been less inclined to keep as much reserve as the surrounding banks, of late have imported large quantities of gold, in order to establish a reserve for them-

selves. This doubtless was a prudent thing to do, but the law should have required them at all times to keep a reserve on hand to meet the calls of their depositors. In some places they have expected that, in the event of an unusual demand, the banks would aid them, but they have become such keen competitors for business, and the friction between the two classes has become very great, that they can no longer rely on the banks to help them at such times.

These things clearly enough show the need of such a reserve, that experience is teaching the same thing to all, and therefore no matter whether the law should require a reserve to be kept or not, conservative and prudent bankers would doubtless keep one in the future as they have done in the past.

Before passing, a word or two may be added concerning the mode of keeping a reserve. There has been too much of the double practice attempted of trying to keep a reserve and using it at the same time; and this in truth has aggravated the present distress. If a country bank which is required by law to keep fifteen per cent. actually has fifteen per cent. in its own vaults, then it truly has a reserve, but if nine per cent. of this has been sent to New York, or elsewhere, which a National country bank is permitted to do, it no longer has this reserve, except on paper. Of course, it expects, in the event of an emergency, to demand this nine per cent. at once of the New York bank, and that it will be forthcoming, and the country bank, having the utmost faith that the amount will always be forthcoming, has had no hesitation in thus sending it to New York. Of course, the reason for doing so is to make more money. It is not sent to New York for nothing, but for a purpose, and that purpose is to increase profits. Now, when the country bank requests its balance, it not infrequently happens that its correspondent in New York or elsewhere is just as desirous of retaining the money. Of course, it is a debtor and must pay and will resort to all lawful methods in order to honor its obligations. But this is sometimes done at a fearful cost to others. This money, which we will say is sent to New York, is almost wholly employed in call loans, which, in short, means for speculation. Now, when the country bank demands it, what must the New York bank do? One of two things. It must demand the money of the broker or speculator, or it must cut off loans to the mercantile class. If the demand for such loans is general, then the stock market is destroyed and the speculators fail, and perhaps all their margins are gone; or, if the banks try to save the speculators and the stock market, they cramp the mercantile classes and perhaps ruin some of them. If only a few country banks demanded their money at the same time, there would be no difficulty in responding to their wishes; but gener-

ally when one wants its money, the same conditions prevail everywhere, and the call becomes general, and, as we have before said, whenever this is the case, then the New York bank must injure the speculative or mercantile class to obtain it. If the country bank's reserve did not go there the money would not be loaned to the speculators; speculation would be less active, which would be a great blessing to all; and there would be no danger of smashing the stock market.

Again, when the money is thus sent to New York, can it properly be regarded as a reserve? As we have said, the New York bank generally wants it quite as badly as the country bank, and we contend that the only true reserve is one kept in the vaults of the bank which owns it. If it is loaned to another it ought not to be considered in that character, for if it is returned, it is fair to presume that the money is obtained by injuring some class or interest of the community. But if it were a true reserve, and kept where it ought to be, no one could be injured. Any one can readily see the enormous difference in the situation if this change in the mode of keeping a reserve was effected.

It may be that, if the banks kept all their reserves at home, the present requirement might be lessened; but we contend that whatever reserve a bank should be required to keep, ought to be kept in its own vaults, for then it would be a true reserve and always at its command. The savings banks are a striking illustration of a violation of this principle in many cases. They usually keep a very small amount of cash in their own vaults and generally have a deposit (the larger banks especially) in perhaps three or four or more banks, which theoretically can be demanded whenever money is desired. Sometimes the keeping of so much cash on hand has occasioned considerable criticism, and the managers have always defended by saying that as their deposits are large they must keep a large amount on hand, regarding the deposits with another bank as cash, like that in their own vault. Now, during a time like the present, when the savings banks desire to have actually all their cash in their own vaults, the banks with which the larger portion is deposited are no less desirous of retaining it, as the withdrawal of it would of course weaken their condition. It is evident enough that this practice should be ended and whatever cash a savings back ought to keep should be kept in its own vaults, for, in that event, it would be a real reserve which could be used without harming any one. These are the obvious lessons that have been taught by the present condition of affairs and have been taught by similar experience before.

Another fact may be added in this connection. Has a bank which has sent its reserve, we will say to New York, as it legally may, or a savings bank, which has confided a portion of its cash

to a bank, any higher claim on the depository than an ordinary depositor? Certainly not. An ordinary deposit is on demand, and an individual depositor's money is just as sacred, and his demands are just as imperative, as those of a bank. There is no reason why any preference should be exercised or given. If, therefore, a bank should seek to repay a reserve thus sent to the exclusion of an ordinary depositor a great wrong would be done. Therefore, looking at this subject more broadly, a savings bank, or any other bank, has no more reason for supposing that a depository will make an exception in its case and return its money in any event, than an ordinary depositor has that another depositor will be sacrificed for his sake. All are on the same plane and entitled to the same rights, and in law and justice neither has any preference over the other. Nor do we suppose, in truth, that a depository intends to exercise any preference, but to treat all alike. Nevertheless, doubtless there is a kind of feeling on the part of a bank which thus sends a portion of its reserve to another bank, that the depository will make strenuous efforts to return its money speedily, even if other depositors are obliged to wait. But really there is nothing in this expectation. The most that can be said is that the bank doubtless will cut off loans and perhaps ruin borrowers in order to pay its just obligations, but nothing more.

Sometimes it is said that one great advantage of thus permitting a bank to hold a part of its reserve with another bank is that, as it is needful to keep an account in New York, if the balance can be counted as a reserve, it is a gainer by the operation. It is said that the banks in New York are largely debtors to country banks by the ordinary operations of trade, and that in many cases no money is actually sent by the country bank to New York. Doubtless many exchange operations work out in this way, but if they do there is this much to be said, if the country bank has really sent no money to New York, it has no reserve excepting a fluctuating one growing out of exchange operations and which may be changed from day to day, and, therefore, in a proper sense ought not to be counted as a reserve. The whole vice of the business is that the banks are trying to whittle down their reserve to the smallest amount and trust to chances. In nine times out of ten the chances are in their favor and they come out all right and are gainers. The other chance is against them, and then they suffer as so many banks have suffered on the present occasion.

The great question is, Ought banks to conduct themselves in such a manner as to be able, as far as possible, to ride out every storm; or is the present method all right for them to go on as they have been doing, taking their chances and trusting to the future? For one, we think the late experiences have taught, if not

the many previous ones, that banks ought not to trifle with or endanger their depositors, and that every precaution should be taken to guard against bad loans and disasters like those that have of late overtaken the banks. But, as we remarked in the beginning, the escape lies rather through the selection and maintenance of proper officers than through the establishing of another system of banking. Men, not systems, are after all the essential thing in banking, as well as in government, for their successful operation.

WHAT IS THE MATTER WITH THE BANKS?

The people at large have, almost from the outset, reposed a generous measure of confidence in the National banks, and this confidence the banks have, to a very considerable degree, deserved and repaid. Whoever is old enough to remember, especially if he is old enough to have suffered from, the manifold evils that beset the system, or rather want of system, which had prevailed before, cannot fail to appreciate the enormous and obvious advantages of our present moneyed institutions. We venture the assertion (without being very venturesome either) that the totality of losses from all causes connected with National banks or referable to them, from the inauguration of the system to the present time, is less than what the people had suffered in any one year before from wildcat currency and broken banks, from almost numberless counterfeit bills, and from the loss in currency values as between one section of the country and another, and as between bank and bank.

The institution of National banks, therefore, and the issues and circulation of a genuine National currency, marked an enormous advance in the financial progress of the country, and fairly entitles those who devised the scheme and secured its adoption to the namea nd rank of National benefactors. Potent as an auxiliary to the general Government in its tremendous struggle with the forces of disunion, and salutary and beneficent in its action and influence upon the business interests and enterprises of the country, and the dealings between man and man, the favor and faith with which these banks were greeted, have in the main attended them ever since. The system, however, has its defects, one of them a conspicuous, and to-day a most disastrous defect; but those defects were not felt except in a local, limited and occasional way for many years after it was inaugurated. It required the strain, occasioned by a loss of confidence and an urgent, desperate need of money to develop and emphasize the imperfection above alluded to. Such emergencies, more or less severe,

have occurred more than once since the establishment of the National system; but that under which the country is now suffering is by far the most serious and alarming in its history. It has become a crisis, and the crisis is stronger than the banks, when there is a special need that they should be stronger than the crisis. Rightly organized they would be master of the situation, but as a fact the situation overmasters them. As a consequence, banks all over the country, among them many hitherto regarded as among the most reliable and secure, banks that in a peculiar degree had won the confidence of the people, are closing their doors and passing into liquidation. A genuine financial cyclone is sweeping through the land, and, like the cyclones of nature, it began, and has proved most disastrous, in the West; but if the condition of the banks throughout the country had not invited the cataclysm, it would have spent its force in the locality of its origin.

It is peculiarly a bank panic, such as has not been known since 1857. Business interests, it is true, had begun to suffer before the banks began to be affected, but the trouble with and from the banks is by all odds the most notable, the most prevalent and the most disastrous factor in the present crisis. The failure of an individual may ruin others, and even many others, but it is local in its effect and comparatively innoxious. A bank failure is a vastly greater injury, hurtful in a fourfold way. First—It cuts off at a blow a large output of loans and accommodations, and is thus fatal not only to the dealers who have depended upon those facilities, but many others who are complicated with them, thus setting in motion a widening circle of harm. Second—It seriously cripples, if it does not ruin, a multitude of depositors, with a train of dependent people and connected interests; for even if the assets of the bank are sufficient to pay off this class of obligations in full, time is required to reduce them to a paying basis, and delay is often as fatal as loss. Third—It necessitates the sharp and undiscriminating collection of bills receivable, in many cases to an exorbitant sacrifice of debtor property, and operates with equal energy of harm against those unfortunates who owe the debtors of the bank. Fourth—And perhaps the most baleful effect of all, it unsettles the confidence of the masses, not only in the particular bank that has failed, but in all banks, and thereby retires from circulation an immense aggregate of money, composed of small tributary sums, that are subsequently hoarded up. Multiply this by the appalling number of failing banks that have gone to pieces within the last few weeks, and what an awful aggregate of ruin, loss, suffering and despair is the product.

Now, we suppose, panics and crises will intervene after periods

of prosperity, more or less long-continued, while the world stands, and even in this favored land of boundless resources and abounding energy. In fact the more abundant the prosperity the more tremendous the catastrophe when it does come. But though it perhaps cannot be entirely prevented, its evil consequences may be greatly mitigated by a patient study of their sources and the adoption of practicable expedients of prevention. And this process of investigation and remedy is eminently available in the case of the banks, for the reason that their policy and procedure are largely open to public and individual inspection, and because they, being creatures of the law, are necessarily amenable to legal regulation and control.

The first question then in order is, What is the great and dominating cause of the present trouble with the banks? And the answer to that question, if correct, will surely indicate the cause that, if not removed, will repeat itself by the production of the like trouble in the future. For the cause is both generic and fundamental. Given the same cause and the like conditions and the effect will be identical. This cause is at the present time in a state of highly efficient action in many banks, and though seemingly dormant as to the rest, is likely to become active in a large number of them, and is capable of becoming so in all, for the fault is the fault of the system itself. To point out and illustrate the cause, the reader may take the case of any bank organized and managed in the usual way.

Immediately upon its organization, it proceeds to invite deposits; for deposits, if not the life of the bank, are the main source of its profits. Its promoters have, from the original conception of the scheme, had them in mind, counted on them as an essential condition of a successful experiment, and constructed the scheme upon that inducement and with that end constantly in view. Indeed, it would be the height of folly to launch the enterprise, depending upon the capital as the only source of profit. Hence the bank solicits deposits and competes for them with other banks. Or, whether it does this or not, it takes them, is glad to get them, and the larger their volume the better are the managers satisfied.

This is not only natural, but it is in motive perfectly and undoubtedly right, for the corporate intent is honest, the managers expect to discharge fully the obligations imposed by the deposits, and are confident of the corporate ability to do so. In a prosperous condition of business, or even in a time of no great depression, the event justifies this forecast. The uninvested funds of the bank, though they may not exceed the reserve prescribed by law, are sufficient to enable it to meet all demands. But the depression deepens and widens. Individual failures are becoming

more frequent. Many of the depositors are compelled to respond to large and perhaps unexpected calls, and they resort of course to their deposits. The bank begins to feel the drain. The managers are put to their mettle and all the corporate resources are invoked. The stress becomes a strain. The managers are anxious; perhaps from some unknown and untraceable source comes a rumor of the bank's insolvency. The large depositors withdraw their funds; but quietly as it is done, a hint of it gets abroad. Then comes the mob of small depositors, and a run on the bank. It is fate, and nothing can stop it or break its force. The bank may have assets which, if it had also time to realize them, would save it, perhaps; but time is as short as money. The bank suspends, goes into liquidation, and the fourfold agency of harm, hitherto dormant, becomes balefully and destructively active.

What is the cause of the disaster? None other than the unchecked and unbalanced license to employ and invest the deposits. We are not forgetful of the fact that banks may and do break from reckless or dishonest mismanagement; but such is not the cause of the present crash or of the bank panics in the past. We are speaking of the average bank, managed with ordinary providence and in strict accordance with the requirements of the banking laws. They have not stood the test of adversity, and the fact shows that the system under which this multiplied disaster has occurred is imperfect, and imperfect for the reason we have assigned.

It is not sufficient that banks should subserve the interests of the business world in a time of ordinary activity or ordinary quiet, and then crash into ruin—the ruin not of themselves alone, but of thousands and hundreds of thousands of trustful citizens. That bank alone approaches perfection, attains the standard, the true standard, of meritorious service and saving strength, that stands like a fortress when assaulted and beset by hostile forces. It should be a refuge in times of misfortune, a citadel of protection in periods of danger and trouble. Individual failures are unavoidable, but the depositories of not only the money but the interests of the people, corporate agencies that in all their dealings with and in relation to the funds of their patrons act under the behests of a sacred trust, which are created by the law for the honest administration of that trust, and are held out by the law as worthy of the people's confidence, ought to stand impregnable against any jeopardy or any emergency that is likely to confront them. For it is precisely at such periods, when individuals fail, and confidence wanes, and ruin threatens, that the mission and the office of staunch and indomitable moneyed corporations are most needful and the most beneficent. Men think but poorly of a courage that falters before a danger, or of virtue that

cannot withstand temptation, or of strength that weakens at the adversary's touch, or the piety that succumbs in the first encounter with trial. And on the same line of practical ethics, the bank that goes down in a season of financial adversity, fails at the very time it is needed most, is grievously deficient in the staying power it ought to possess.

Now there are banks in the country, happily, that are not only able to breast this panic, but any panic, however severe or long continued; banks that could fail only by the absolute destruction of money values. Even in the tremendous crash of 1857 there were banks thus solid and invincible. Such banks are managed by a board of directors who, or the majority of whom, are not only provident and far-sighted, but able to resist the temptation to use the deposits for the utmost possible immediate profit. No bank manager, or man of business, is so ignorant as not to know that times of trial must come, or that they often come like a thief in the night, or so stupid as not to appreciate the wisdom of providing against them, but as a rule he or his board lack the stern self-denial required to make the provision.

It is obvious, therefore, that the remedy for the evil cannot with safety be left to the boards of officers who manage the banks. Moreover, though we have in terms of commendation alluded to those managers who have steadily kept on hand a large reserve to meet emergencies, it is not an example for promiscuous or general adoption. It would inflict a vast and widely extended injury if the banks in the country at large should concur in withholding from general use so immense an aggregate of needed currency. Nay, such a policy would certainly work out a multiform agency of disaster, not only by the shrinkage of the circulation, but by a general shrinkage in values, and a mighty upheaval of established business enterprises and investments hitherto secure. The remedy would be worse than the disease. Yet something ought to be done. Something must be done. It is too late to attempt to stem or allay the present panic. But we can provide security against a recurrence, or if not a recurrence of a general business panic, we can mitigate many of its worst features and preclude absolutely a general or extensive failure of the banks.

As already stated, the option of providing an adequate safeguard cannot with safety be left in the hands of the directories. They have failed in the past to provide and apply it, and, the conditions continuing the same, they will be equally delinquent in the future. Besides, the measure and mode of reformation should be uniform and consistent. The status of each must be placed beyond and above the reach of corporate accident or managerial caprice. It is a clear case for Congressional intervention and the adoption of pertinent, well-considered legislation. In and by the

original and supplemental acts of Congress the National bank currency was and has continued to be fortified by the National guaranty, and the bill-holders are secured with absolute assurance against the possibility of loss. Nay, the attempt was made by those acts, and still continues, to secure the depositors with other creditors by providing a standing currency reserve, equal to nearly one-seventh of the sum of the deposits added to the capital, for that purpose. But that this provision, though sufficient for ordinary exigencies, is altogether inadequate to withstand the strain of a panic, has been demonstrated before and is made deplorably apparent now.

The remedy that would occur to the superficial mind would be the obvious and easy measure of increasing the reserve to very much larger proportions. But that would at once give rise to an evil of great mischief and magnitude, for it would draw out and keep out of circulation an enormous volume of money that the people need and indeed cannot do without. Besides that, it would be grossly unfair to the banks. They not only receive the deposits, but become responsible for the repayment of them, and are justly entitled to the value of the use of them, in so far as the use does not interfere with a prompt and reliable response to the calls of the depositors.

As it is both the legal and moral duty of the banks to make good the deposits and secure the promptest possible payment of them to the depositors, they ought to submit cheerfully to any reasonable, practicable scheme that will achieve that end, even though it involves a certain but not undue measure of sacrifice. And on the other hand, as it is the duty of the Government to render its moneyed institutions as deserving as possible of the people's trust, it ought not to hesitate not only to fortify them by every available safeguard, but to induce and justify the public confidence by an adequate pledge of its responsibility and aid. We believe that both these objects will be fully answered by a scheme constructed upon the following basis:

First. Let a fund be provided, amounting say to $50,000,000, to be managed and administered by the Comptroller of the Currency, called the "Bank Deposits Fund."

Second. Require each bank to pay and contribute to that fund quarterly for five years a sum equal to one-eighth of one per cent. on the average of deposits for the quarter preceding the payment. This would, as deposits have ruled for the past few years, amount to about $10,000,000 a year.

Third. Let the quarterly payments pass into the Treasury for Government use and disbursement, and the Comptroller take from the Government its bonds in convenient denominations and bearing a low rate of interest, holding them as equitably the prop-

erty of the banks, and using them or their increment and proceeds for the following purposes.

Fourth. When a bank fails provide that out of the funds on hand and the assets immediately available (excepting only so much of the bonds pledged as security for its circulation, as shall be needed to pay the bill holders) the depositors be paid first. If they are thus paid in full let the Comptroller pay to the receiver for the benefit of other creditors, or the shareholders, or both, so much of the "Bank Deposits Fund" as equitably belongs to that bank. If, however, there is a deficiency let the Comptroller pay that deficiency forthwith, and cause it to be immediately distributed to the depositors. For the purpose of carrying out the provisions of this paragraph the Treasurer may redeem a sufficient amount of the Deposit Fund bonds at the request of the Comptroller, or the Comptroller may sell sufficient of the bonds to effect these purposes.

Fifth. If the Comptroller is compelled to make good to the depositors a deficiency as above provided the amount of it, less the share of the Deposits Fund equitably belonging to the bank, shall be a first lien on all remaining assets of the bank, not including so much of the note securing bonds as shall be needed to pay the note holders. If the proceeds of such assets are sufficient to repay the sum advanced by the Comptroller (less the bank's proportion), or any part of it, he shall reinvest it in Government bonds. In the event it is not fully repaid the deficit shall be made up by assessment upon all the other banks.

Sixth. In the event of dissolution of any bank for any other cause the Comptroller shall pay over to its officers or representative its share of said fund out of any uninvested moneys in his hands belonging to the fund, or in default of such moneys by redemption or sale of bonds of that fund.

This is a mere skeleton. Details and special considerations are, of course, omitted. The sum of the fund above named may be too large or too small. It should be large enough to protect the depositors and not large enough to inflict needless harm on the banks. The present panic is without precedent since the inauguration of the present system. Yet we believe that the $50,000,000 fund would, with the immediately available assets of the failing banks, pay every depositor promptly and with absolute certainty, and secure its own ultimate reinstatement out of the residuary assets. Perhaps, however, the most beneficent function of the scheme is its infallible effect to preclude the possibility of bank panics, the failure of any considerable number of banks or even of one. No device that the ingenuity of man can construct will obviate the necessary effect of wild or willful mismanagement, but if the plan above suggested is embodied in apt and considerate leg-

islation, the average bank, however sore beset, will not, cannot go down. The depositor, knowing that in any event his money will forthcome when and as he wants it, will add to that knowledge faith in the auxiliary assurance of the general Government, and will call for his funds only as the exigencies of his business may require.

The question may be asked why make the obligation for the payment of deposits a preferred debt, and, in case of failure, charge it as a first lien on the assets of the bank? We answer because:

First. It is the only available method of preventing bank failures, inasmuch as the great bulk of the corporate indebtedness consists in the obligation to depositors, and that obligation being always immediately due there is nothing to prevent a rush of depositors, and a depletion of corporate resources, except the assurance that, whether the bank fails or not, their money will come at call.

Second. It is the only available method of enabling the bank, with certainty and at all times, to redeem its (legal) promise and undertaking to and with the depositors to answer their calls when made.

Third. The public interest requires that the values inhering in the deposits, as well as those embodied in the notes or bills of the bank, shall continue in circulation uninterrupted and unfettered so far as practicable. The prompt redemption of the notes is already secured by law. The argument for the like treatment of deposits is equally cogent and conclusive.

Fourth. As contrasted with other forms and items of the bank's indebtedness its duty to its depositors is peculiarly confidential and sacred. Those with whom the bank has otherwise dealt, and to whom it is indebted, have contracted with it (and it has contracted with them) on an ordinary commercial basis, each exacting or bargaining for a substantial equivalent. Quite different is it with the depositors, who act more as does one who confidingly places his money in the hands of his friend, willing he should use it for his own benefit, contracting for no interest, expecting none, asking only that it be returned upon request and in sums measured by his needs.

The plan here suggested, or something like it, would, we are confident, preclude a repetition of an epoch of disaster like the present, or any dispensation of the same character, whether general or local. Certain it is that the faith of whole communities, if not of the people at large, has been rudely shaken by the sad experience of the last few weeks, and that nothing short of a drastic, yet sagacious, reform in our banking system will avail to restore it.

D. H. BOLLES.

THE COMPLETION OF THE NATIONAL BANKING SYSTEM.*

The system of banking prevailing in this country under the laws of Congress is now passing through a test period. A test involves a strain greater than is required for work done under ordinary conditions. No system can be considered perfect which breaks down when put to the test. Our banking laws on the one hand invite the investment of capital in a business which is intended to be so surrounded by legal safeguards that the risk is supposed to be small to those who act strictly within the provisions of the law. On the other hand, the law invites the people to deposit their money with the banks because the safeguards are assumed to be sufficient for their protection. Experience has shown that under ordinary conditions our National Banking System works well and shows no appearance of defective theories, but under the stress of severe and protracted strain it fails unmistakably to accomplish some of the results for which it was designed.

* The following article has been reprinted and addressed as an open letter to the Chairman of the U. S. Senate Committee on Finance. The author adds, in further explanation of his plan, the following note:

"The cause of our financial difficulties is that our banks are run on too small a reserve. A withdrawal of ten per cent. of deposits is sufficient to throw the whole system into confusion. In 1884 the failure of the Metropolitan Bank and other circumstances caused such a withdrawal and the consequent panic, and in 1893 the silver scare has done the same thing. These troubles are not due primarily to the bank failures and the silver question, but to inherent defects in the system; therefore, the true mode of procedure is to cure the system, so that it can in the future meet similar emergencies and not be overwhelmed by them.

"Bankers, as such, have no immediate concern in the purchase and minting of silver by the Government, for they can bank as well on one basis as another, but they justly ask of the Government a banking system as nearly perfect as possible. To suggest a mode for the improvement of the system is the object of my letter, to which I request your careful attention.

"It follows as the natural result of the plan that our difficulties could be immediately removed by the passage of a preliminary Act which would give, for the period of one year, pending Congressional inquiry, the legal tender character to the present issues of Clearing House certificates, subject to the approval of their form by the Secretary of the Treasury. This simple expedient would change the certificates into legal tenders, restore the bank reserves above the legal limit, and immediately release to an equal extent the legal tenders and gold now held as reserves. Such an Act would afford immediate relief to the business community, and in an entirely safe way, because all must acknowledge that Clearing House certificates, issued under the New York plan, are undoubtedly secure.

"The following tables make a rough calculation of the relief which might thus

The present financial disturbance is marked by one distinguishing characteristic, which is a lack of confidence both on the part of the banks and of depositors in the provisions of the law for their protection. And this lack of confidence is well founded. A bank conducted in strict compliance with the law as to reserves and investments, and honestly and prudently managed, with not a single weak asset on its books, could not hope to withstand successfully the unusual demands of the past few weeks without outside assistance. The perception of this fact by the depositing public was enough to produce a money panic. Bank officers and the public alike see that the ordinary provisions of the law are inadequate to protect either the capital invested under the sanction of the law and in compliance therewith, or the depositors who relied thereon. The panic is therefore rational, for it is based on facts which justify it. Numerous suspensions and failures have taken place by which depositors will not ultimately lose anything, because the banks are said to be sound and well managed. Here, then, we have loss of credit, distress, derangement of business, and every evil which can come from a bank failure or suspension,

be obtained, the first being of cities whose clearings amount to over $500,000,000 per annum, the second being suggested in view of the present emergency. The first column gives the names of the Clearing Houses, the second, the limit to which the issue of certificates might safely be authorized by the Secretary of the Treasury as a legal tender for the payment of debts through all the Clearing Houses of the country.

First Table:

New York	to a limit of	$50,000,000.
Chicago	"	15,000,000.
Boston	"	15,000,000.
Philadelphia	"	15,000,000.
St. Louis	"	5,000,000.
Baltimore	"	5,000,000.
San Francisco	"	3,000,000.
Pittsburgh	"	3,000,000.
Cincinnati	"	3,000,000.
Total relief obtained		$114,000,000.

Second Table:

Minneapolis and St. Paul	to a limit of	$2,000,000.
Buffalo	"	2,000,000.
Detroit	"	2,000,000.
New Orleans	"	2,000,000.
Providence	"	2,000,000.
Milwaukee	"	1,500,000.
Kansas City	"	1,500,000.
Louisville	"	1,500,000.
Omaha	"	1,500,000.
Cleveland	"	1,500,000.
Denver	"	1,500,000.
Total relief obtained		$19,000,000.

"Banks connected with Clearing Houses which have already issued certificates would be able to grant accommodations to corporations and individuals on the authority of such an Act the day the bill became a law, and no doubt that would be the last day of the panic.'

except loss to depositors; and yet there has been no infringement of the law, or business mistakes, or even errors of judgment. Though there were none of these, and the compliance with the law has been perfect, yet the result has been disaster.

It is, therefore, a matter of common honesty and fair dealing with the stockholders of National banks to change the provisions of the law so that, even under the stress of the greatest strain that can be imagined, it shall be sufficient for their complete and perfect protection. It is an exceedingly simple and easy matter to accomplish this, but not at all simple to do so in a way to leave the banks in a position to earn a fair return upon their capital. If the reserve limit was raised to 75 per cent., all to be kept in the bank's own vaults, we would of course hear no more of bank failures. But under such a restriction most banks would retire from banking, because the business would thereby be made unprofitable. To maintain such a large amount of capital in perpetual idleness would entail a great loss of productive power on the community. It would be like the policy of keeping a large standing army at all times, instead of a militia which can be called out when needed. What is wanted is, therefore, not more idle capital, but a well-secured reserve which can be relied on in case of necessity, and which, when it has rendered its service, can be retired, leaving the small regular reserves on duty on a peace footing. This is the application to business affairs of the methods which have been found both economical and effective in the government of a State.

The banks of New York City have established a mode of meeting a crisis, which is at once effective and simple, by the use of Clearing House certificates. These certificates form a currency among the members of the Clearing House which is accepted by them in payment of debts due each other. It is only necessary to legalize and extend that which is now done extra-legally, to afford instant relief to the whole banking and business community. This could be accomplished by a law in Congress incorporating Clearing Houses. These institutions are a necessary part of the National banking system, and, as such, they should have a uniform method of operation, and derive their powers from the National Government. All the National banks in the country might be included in Clearing House districts, and banks organized under State laws might also be members. All their powers and privileges would be specified and regulated by the law, and among these should be the power to issue Clearing House legal tenders. This power should be limited to those whose clearings were the largest, say $500,000,000 per annum or over. These Clearing House legal tenders should not only be a currency between banks but for the people as well. They should be a legal tender for the payment

of debts at all Clearing Houses, thus maintaining them at par over the whole country, and be counted by banks holding them as part of their reserves. The amount of the reserve provided for by the Clearing House legal tenders should be large enough to make the provision adequate for all possible requirements. The present legal reserve is 25 per cent., and the maximum of the reserve thus provided should be 25 per cent. more. The banks would thus possess a reserve of fifty per cent. immediately available, of which 25 per cent. would be active and 25 per cent. latent, but ready to come into existence at short notice. A 50 per cent. reserve would be sufficient to meet and overcome the severest panics this country has known. The effect of the possession of this power by the banks would necessarily be that the danger of a money panic would be forever removed. The power to make such issues would stamp out forever the fear that a crisis would or might occur when the banks would not have enough money to "go round." The power to produce disaster by hoarding currency, which is now possessed by timorous or evil-minded men, would be forever taken away.

These new legal tenders would be secured, as Clearing House certificates now are, by pledge of bank assets at 75 per cent. of their value, and guaranteed by all the banks of all the Clearing Houses, the members of each Clearing House being the first guarantors of their own issues. They would be issued in conformity to the financial principle recognized by all authorities, and well stated by Charles Moran in his book on "Money" (1863) page 110, as follows: "Paper money to perform successfully the functions of money, should never be issued except against a pledge, direct or indirect, of a greater value of useful commodities, needed by the community, applicable to the redemption of the bank notes issued." A six per cent. rate of interest to banks taking Clearing House legal tenders would act as a check upon their issue, and they would not be taken so much for profit as for protection and necessity. The interest on the notes of the banks applying for the currency would accrue to the Clearing Houses to form a fund to meet such obligations as they might have. Such legal tenders would be intended to perform a temporary service, and provision should be made for the Comptroller to call for their retirement in installments of a certain percentage at specified times. The time they should be allowed to remain out might extend over six to nine months to permit settlements to be made and other liquidations from sales of securities, produce, and merchandise. If cash for their redemption was not provided by the borrowing banks, or by sale of the assets pledged, then the resulting loss should be assessed first on the banks in the districts making the issues, and thereafter on all National banks in proportion.

Immunity from the disasters which result from a money panic is a protection demanded by justice, and should be given by law to the banking corporations which the law creates. As the experience of every panic proves that the present provisions of the banking law are inadequate to the giving of that protection, then whatever remedy experience shows is effective should be incorporated in the law. The experience of New York in the use of Clearing House certificates shows that they are effective and safe in their final results.

But if the banks are given by law the means of absolute protection against the assault of a panic, they in their turn may well give to the public absolute guarantee against loss of deposits. To accomplish this would require but a small tax on the banks when equally distributed according to capital and deposits, but the effect of the guarantee on the community would be to remove that feeling of apprehension which is the beginning of a panic. The guarantee of deposits would be an ample consideration given by the banks in return for the power to protect themselves by the issue of Clearing House legal tenders.

The law creating the Clearing Houses should provide that whenever a bank is closed by order of the Comptroller, the Clearing House of its district should immediately take charge of its affairs and pay off all its depositors on demand, and draw on each and all of the Clearing Houses for the proportion of the funds necessary to do this, assessed on the banks for whom they clear or who are within their district. When the depositors are paid, the assets would belong to the Clearing Houses, and as they were cashed, dividends would be paid first to banks outside of the district of the failed bank, and any resulting loss would be borne by the banks within its district, and not by those outside or by the community. The expense of such a liquidation would be small compared to that under the present system. The loss thus resulting to the banks would be comparatively trifling, but the convenience to the public and the confidence produced in the minds of the depositors by reason of the conviction that no loss could possibly result to them from having their bank accounts tied up, would leave little to be desired in the way of a banking system. The advantage of the insurance of deposits is not apparent in quiet weather when all is plain sailing, but when a wild and senseless rush begins first at one bank and then at another, the protection becomes of great value, for it is evident that it is in the power of depositors to embarrass any bank which has not all its deposits in cash in its vaults. While this insurance gives the greatest benefits to depositors, it is also certain that it is worth to the banks many times more than it costs in the safety and regularity of doing business thereby secured to the guaranteeing banks of deposit. A

guarantee of deposits would also make banks and Clearing Houses watchful of the methods of their members, and the act incorporating them should provide for such scrutiny and make it obligatory on the Comptroller to examine banks at their request. Carefulness in business methods would thereby be promoted and experience preserved and made available for the future.

A suggestion to this effect was made a number of years ago by Ex-Gov. Merrill of Iowa, with that sagacity which always characterized his public utterances, but the times were not then ripe for such a measure. The subject has also been discussed since then. Gov. Merrill had a long experience as a Bank President, both under the State system of Iowa and afterwards under the National system. Now that the National system has developed an inherent weakness, and the country is almost in a state of chronic panic, it seems an opportune time to complete the National banking laws by adopting provisions which will prevent the recurrence of money panics and loss of time or money to depositors.

It is to be remembered that such measures have their effect not only on National banks, but also on all the financial interests of the country which rest upon the deposit banks as their foundation. The deposit banks are the great balance wheel of the country. On their orderly movement depends in a great measure the safety of the Savings Banks and the commercial community. The present disturbance has thus far affected only the deposit banks, but if not arrested it may extend to the depositors in Savings Banks. If these are seized with any unreasoning fear, which now may be brewing, and the burden of providing for ten per cent. of these deposits, or even a hundred millions of them, be added to present requirements, it is evident that a general collapse and prostration of the entire business interests of the nation might ensue.

The entire community is therefore interested in any attempt to perfect and complete the National Banking System, because in proportion as such efforts are successful are the material interests of the whole country promoted.

THEODORE GILMAN.

A REVIEW OF FINANCE AND BUSINESS.

STAGNATION SUCCEEDING PANIC AND PRECEDING ULTIMATE RECOVERY.

The panic of June and July has been succeeded by general stagnation and depression during August, intensified by the scarcity of currency, with which to perform the ordinary functions of credit and domestic exchange, which had been paralyzed, or suspended, during the latter part of July and the beginning of August, to such an extent, as to stop, practically, the movement of the crops and of merchandise of all kinds; and even seriously to interfere with the smallest details of trade, such as the payment of wages to the industrial classes. Added to this immediate cause of such stagnation, was doubt of the result of the attempt to repeal its first cause, the Sherman Silver Law, whose friends were able to delay action thereon, and to prevent an expression of the opinion of the majority finally found to favor repeal, so long after the assembling of the extra session of Congress, that fears began to spread of its failure, which further shook confidence in our public and private credit, and aggravated the money stringency, until it absolutely became impossible for the great majority of business men to obtain the necessary funds, or credit to transact their affairs.

In this respect, probably, no panic within the memory of the present generation has been so severe; and yet, it has been the least violent for one so universal and protracted. But it is the collapse that follows an acute attack of disease, which leaves its victim prostrated, after the crisis has been passed, and which must precede ultimate recovery, by giving time to restore exhausted strength. That the present crisis has already been passed, is evidenced by this very stagnation, barring a relapse, should Congress refuse to remove its cause. This danger is also happily passed, beyond serious doubt, as the West and South are at last sufficiently convinced that silver, instead of being a cure for all their past evils, is the cause of their worse present ones. Although the crisis will have been definitely ended with the repeal of the Sherman Law, which caused it, the subsequent recovery will be slow, with occasional relapses, no doubt, as the recovery from violent disease, that has exhausted the strength, is always much more protracted than the attack that produced the collapse. Yet there are growing symptoms, easily recognized by financial physicians, of returning strength which give promise of more speedy recovery than in ordinary panics of equal violence and extent, for the reason that the patient in this case was not diseased, but in sound health

when seized by this financial epidemic. This was different from most panics this country has experienced, inasmuch as it was strictly an artificial one, caused by bad legislation, rather than general financial kite flying, while commercial affairs were seldom, if ever, on a sounder or safer basis, from the fact that they had, for a long time, been more free from speculation, with but few exceptions, than for years. Hence it has been the financial machinery by which commerce is transacted, rather than commerce itself, that has been deranged; and, for this reason,

TRADE WILL REVIVE MUCH MORE RAPIDLY

when this artificial pressure is removed, than it has revived after former panics, which were either purely financial, or commercial, or both, as the result of wild speculation and general inflation of prices, either of securities or of commodities, such as happened in 1873, as the result of unprecedented railway building, ahead of the wants of the country, and the "booming" of industries and enterprises allied therewith, together with general speculation, in everything, by everybody, as before the Grant & Ward panic. To any one at all familiar with either of these panics, and with the conditions that preceded and followed them, it is perfectly evident, that there is no similarity between them and the present one. Another important difference, is equally in favor of a more sudden revival of business now, than then; namely, in the industrial revolution that has since reduced the prices of all commodities, of securities and of money itself (until the recent stringency), to a lower level than ever dreamed of in this country. This has been general, except in the new speculative "securities," miscalled "industrial," but properly gambling shares, which had been watered a quarter, to a half-dozen times, by the original owners and venders of well known manufacturing and commercial enterprises, in imitation of the successful floating of such schemes in England, and which were unloaded on the public, while their resources were being exhausted, in the payment of unearned dividends on all this water, during the process of unloading. It was in these industrial stocks, and for the above reasons, that this panic broke out, because it was the rotten spot, followed by the collapse of other large industrial concerns, whose stocks were not listed on the speculative exchanges, yet which had extended in the same way, in an effort to monopolize their respective branches of industry, until they had impaired their working capital. Beyond these, and a few Western and Southern "boom" enterprises and localities, failures have been almost wholly confined to banks, without adequate capital, or whose money was tied up in land, or other permanent investments on which they could not realize. Never was there such a small proportion of strictly mercantile or com-

mercial failures in any panic before; and most of these were due to old losses or dry rot. Now all this goes to show that commercial affairs, were and are, on an unusually safe and sound basis, as there has been little speculation in them of late years, on declining markets, by reason of this industrial revolution, which has permanently reduced the prices of commodities, transportation and money itself, by reducing the cost of production.

COMMERCIAL AFFAIRS NEVER SOUNDER.

Hence, when this panic struck the merchant, he had light stocks of goods, small indebtedness, and debts outstanding; while prices for what stock he had, were so low, that there has only been the shrinkage since incidental to realizing for cash. Manufacturers who had not accumulated stocks before the panic were in a similarly strong position, and are still, where they reduced production, when the demand fell off. Those who were caught with big stocks when the stringency came, and shut down, are no worse off than before, except as forced sales for cash, have affected the price of their goods, with the value of all other property. When, therefore, money becomes easy again, as it will, with the restoration of confidence, which was destroyed by the exports of gold and depletion of the Treasury reserve, on account of the operation of the silver purchase law, both merchants and manufacturers will be in as good position as before the panic, except as they have been forced to make sacrifices for money; and for the loss of three months' trade, which they are likely to make up in part this autumn, when industries start up and people are employed and money is in general circulation again.

It is for these reasons that a more rapid recovery than ordinarily may be looked for, after the chief cause of this panic is removed; if Congress will only adjourn and go home after the repeal of the Sherman Law, and leave the country time to recuperate and get back its breath, strength and confidence, with which it has parted the past three months, before the repeal of other legislation, that blocks the way to general and permanent prosperity, shall be even agitated: for the country needs a period of rest. When well again, it can stand the suspense and uncertainty that always attends change in business legislation, however beneficial in the end. But a patient cannot often stand two surgical operations at the same time, no matter how beneficial to his health, either would be, performed separately, with time intervening, to recover from the shock of the first.

REAL ESTATE NOT LIQUIDATED.

While liquidation has been general, there is, however, one class of property that has not yet declined in value in proportion with

every other class, during this panic, or the Industrial Revolution, noted above, which has been reducing the cost of all human products, and hence of the cost of living, except in the one matter of rents, because real estate values have not yet been subjected to this liquidation that has been going on in everything else, for the reason that it is the last to feel the effects of a general depression in prices as well as a general inflation. But none the less surely must it come, because delayed by the nature of the property and the fact that it is less readily negotiable. In some localities this reduction in values of real estate, as indicated by its rental value has kept partial pace with the reduced cost of production and living, in other directions; but this is by no means general. When therefore other kinds of property that have been liquidated, shall recover from the present unnatural depression, they will attract capital, because of more profitable investment; and this process will extend from one kind of property and one class of industry to another, until the field is so large as to absorb idle capital. Then the demand for more, to invest in such enterprises, will make the returns on that already invested, sufficient to induce holders of real estate to sell out and put their money where it will pay better than in property whose rental value is constantly decreasing. This process will then go on, till real estate has fallen by continual pressure to realize, to a level with other classes of property, which have shrunken in value with cost of production one-quarter to one-half in the past twenty years of unprecedented industrial and mechanical development, by which real estate has hitherto been almost universally enhanced in value by the increment of population, incident to the extension of industrial enterprises throughout the country. Its turn must therefore come, to contribute its share to the reduced incomes of the investing class; to the reduced cost of living in every direction and the reduction in the cost of labor, or its earning power, as well as in the earning power or interest on its product, capital. The time is past for the accumulation of vast fortunes by the ownership of real estate, in this country, as well as in Europe, except in new cities, adjoining old ones; and in undeveloped sections, for prices of everything are tending lower, to stay there.

THE GOLD MOVEMENT AND BALANCE OF TRADE.

At the close of July the rate of sterling exchange had been for a considerable time at or below the gold importing point, and yet, as remarked in this article at that time, gold had been imported only in scattering $100,000 and $200,000 lots, in place of going out for weeks prior to July 1st by the millions. Soon after August 1st, however, the tide set this way so strongly as to bring the yellow metal back faster and in larger quan-

tities than it had gone out; so, that by the last of August, all but about $20,000,000 of the $68,000,000 exported between January 1st and July 1st had been re-imported, with more on the way, and more being engaged almost daily in London, until the Bank of England became alarmed, as we were two months ago, and has raised the discount rate several times, and finally to 5 per cent., without seriously checking the westward movement of the metal. But it has extended to France and will probably reach Germany, Paris having already shipped considerable to London since the 5 per cent. rate was established. The question now asked on the other side, is the same as was on everybody's lips here, but two short months ago, namely, "When will gold exports cease?" The answer there is as uncertain as it was here; for the movements of the sterling exchange market a year past, have defied the calculations of everybody, as they have all precedents. Such a sudden and radical "right-about-face" movement has never before been experienced; and hence nobody dares prophesy when the present movement will cease. But certainly not so long as the premium commanded here for currency shall continue; while the disappearance of that premium might mark the termination of gold imports, for the present, if not permanently. Those who have attempted a *post mortem* explanation of this financial phenomena, attribute it to a contraction in international credit, something like that witnessed in our domestic exchanges the past month, requiring the shipments of currency to settle the balance of trade between the West and New York, as well as between Eastern cities and the metropolis.

WHAT TURNED THE TIDE THIS WAY?

The suddenness of the change from heavy exports to still heavier imports of gold, was in part caused by the sharp decline in our imports after the panic broke out and the cancellation of further orders for foreign goods, noted in last month's review. But the chief reasons were the enormous increase in our exports of wheat and flour, after the collapse of the Chicago corner let prices below the lowest previous records, on both sides of the Atlantic, and an equally heavy demand for all our feed and fodder crops, including corn, oats, barley, hay, low grades of flour and mill feed or bran, all of which were taken, both by the United Kingdom and Continent, in quantities hitherto unknown, until nearly all the ocean freight room for two and three months ahead had been engaged. This has been going on for two to three months past, or since the shortage in the wheat crops of Western Europe, was assured, and the unprecedented shortage in fodder, from the protracted drought of last spring and early summer was realized. Added to this, during the past month, the other Chicago corner

in provisions, run by the same parties as that in wheat, collapsed, with the failure of the clique, and let our hog products go into export in double the volume of any preceding month this crop year, after a break nearly as heavy as that in wheat. It was these three causes combined that turned the tide of gold this way, so suddenly, and in such volume; as it was the opposite conditions, preventing free exports of these great staples, for months before, that sent gold out of the country instead, to such an unprecedented extent.

But this export movement has been abnormally large, even for short crops abroad, stimulated by low prices and anticipation of future wants to an unusual degree, because of them; and, toward the end of the month, the export demand for everything fell off sharply, although the outward movement of old purchases continued up to the maximum all the month of August. Consequently the balance of trade has continued heavily against Europe and in our favor; and, as she has few more of our securities to sell us, and is inclined to buy, rather than sell them at present prices, she has paid the balance in gold and pocketed the premium on that, while getting our products at abnormally low prices.

THE OUTLOOK OF THE MONEY MARKET.

But when our exports fall off again, as they must when all forward purchases have been shipped, gold imports must fall off too, unless they come here in the shape of loans, after the silver law, which drove them out last spring, has been repealed, or to pay for our securities, of which London has been a fair buyer at the late panic prices, which has also helped swell the volume of our gold imports. There is also another influence, that may have an important bearing on this question, after September 1st or the beginning of the next export cotton year. The strike in the English cotton industry last spring, has left a larger surplus of old crop on hand abroad than usual; and, the scarcity of currency here has delayed the movement of the new crop. Yet this is the season of the year for heavy exports under ordinary conditions, and it may be large enough to make up in part or whole for the falling off in grain and provision exports. Hence it is as impossible to forecast the future movement of gold as it has been for a year or more past. As the money market is now more than ever dependent upon the gold movement, it is equally impossible to forecast it; though, with the movement of the crops in the usual volume at the ordinary season of the year, the demand for currency in the interior should soon slacken and the return movement to this center set in by the end of September. Should these conditions be realized and the Sherman Law be re-

pealed, during that month, then there ought to be a general and sudden easing up in the money market, as these conditions would restore confidence and credit again, and bring out the enormous amounts that have been withdrawn from banks and hoarded before there was any talk about runs on savings banks and the rule requiring notice of withdrawals was put in force, Granting the above premises, which are more than probabilities. the conclusion is inevitable that we have not only seen the worst and passed it, but that the future of the money market is brighter than for six months or a year past.

THE PROSPECTS OF FALL TRADE.

Though at least a month behind the usual opening of Fall trade, in most of its branches, because of the uncertainty of financial conditions, there has been a marked increase in the number of buyers in this market, since the middle of August, or since the repeal of the silver law was virtually assured, in the belief of the business community. During the same period there has been an equally marked increase of confidence among these buyers who have represented all sections of the country, but more especially the Western and Southern States. These latter, bring unexpectedly favorable reports from their sections, notwithstanding the large number of bank failures that have occurred in both. They regard the present troubles as but temporary and as practically over. At least they are ready to buy goods and expect a good trade this fall, as the farmers are less in debt for their crops than usual, and in pretty good shape financially. Collections are not as bad as would be expected, and most of these buyers have come prepared to pay their old bills before contracting new. But some of them have been scared out of the markets and gone home, after they had come prepared to buy, by the dolorous tone of our merchants who seem to be waiting for the world to come to an end, rather than take a hand in keeping it moving. The consequence is that much less has been done, than might have been, had our merchants crawled out of the mires, shaken their ashes off, and taken part in the affairs of the world again. This delay has had a correspondingly depressing influence on sellers and manufacturers, and most of the markets are depressed by accumulations of stock, to an extent that prices will probably recede, when the buyers do come in. This is especially true of dry goods, which have not shrunken in value much as yet from the fact that there has not been enough doing since the panic set in to establish prices. No great cut in prices, however, is expected, and buyers appear to be in a mood to take fair supplies at old or lower prices, provided they buy as cheap as any one else. Market prices are

therefore unsettled with a slightly further downward tendency without prospects of radically lower prices. The outlook is therefore hopeful and improving, outside of New York, which is the national Slough of Despond.

H. A. PIERCE.

FINANCIAL FACTS AND OPINIONS.

Banking Reform.—There are in the present number two very thoughtful articles relating to amendments of the National Banking System. Mr. D. H. Bolles is quite right in maintaining that the chief peril of the banks is in the keeping and management of deposits, for as the most of them are payable on demand, and yet are loaned on time, of course a bank cannot respond should all the depositors request immediate payment. The mode of creating a fund, which he proposes shall be $50,000,000, seems simple and practicable, except in one respect, and that we think is a serious objection. Banks which are very carefully managed, and which keep a large amount of deposits on hand, would be unwilling to unite in any general plan for securing or assisting other banks which are doing business in a less conservative manner. It may be that the more conservative banks could unite in a plan of this character, and which, to a very large extent, would embrace the banks in the cities belonging to the Clearing House associations; and if the banks were thus separated into two classes, the conservative ones which were willing to form a fund of this character, we believe would effect some very excellent results. In the first place, as such banks would soon acquire a superior position in the community, they would naturally attract depositors, as they would be regarded as more safe, and such action would necessarily lead the other banks, which were inclined to manage their affairs with less prudence, to modify their course, in order to acquire or maintain the good will of the community in which they transact business. The Clearing Houses have done not a little in the way of restraining some of their members who were inclined to be delinquent and hazardous in their operations. The public does not know the complete history of these matters, but their committees, if so inclined, could tell of more than one case of this kind in which banks have been required to keep larger reserves, to discount with greater prudence, to put in new capital, new directors, officers, etc., or incur the penalty of separation from the Clearing House. This has acted as a powerful force to keep them in better ways. We have often thought that the more conservative banks, thus associated in a Clearing House or other organization, might go still further in the way of a more thorough and effective super-

vision of each other than can be exercised by State or National bank examiners. Were they thus associated, we think that the most serious difficulty in the way of creating such a fund as that mentioned would be overcome.

Plans for Forming a Currency.—In the great dearth of currency which now exists, numerous plans have been suggested, but none seem to have been very effective. Perhaps one reason why substitutes have been so slowly invented is that nearly every one has believed that the scarcity would soon be over and then the opposite condition of things would prevail, of a deluge of money. Banks for this reason have hesitated to increase their circulation and for a considerable time hesitated to obtain gold from abroad; but now that the stringency has continued, plans of one kind or another are rapidly maturing for relieving the situation. Of course, the banks of New York, and of smaller cities, readily betook themselves to the issue of Clearing House certificates, which were a great relief in larger transactions, but this mode of relief was not enough. Some substitute has been needed for the smaller notes that are usually circulated, and two or three plans have been formulated of that character which will doubtless be effective in a short time in entirely relieving the situation. One plan, devised by Mr. Cornwell, president of the City National Bank of Buffalo, consists in the issuing of drafts by the local Clearing House on the banks of New York in larger and smaller amounts, payable to bearer instead of the ordinary draft which is payable to order. Such drafts, issued by reputable banks or Clearing Houses, would readily circulate in the vicinity of their issue and would therefore serve as an effective substitute for money. We have no doubt that the issue of these drafts will come into general use if the currency stringency does not speedily pass away. Of one thing we can be assured, that the American people know enough to form effective substitutes for the dearth of currency now existing, and no one need fear that the present stringency will be much longer continued.

Bank Protection at the Expense of Depositors.—One reason for the recent dearth of currency now existing is that the banks themselves are hoarding it. They complain of the action of the people in keeping all the currency they get, but in truth are not many of the banks doing the same thing? The banks say, and of course they are right, that they owe their depositors and may be required at any moment to pay them, and so they must accumulate funds for this purpose; but they are aggravating the situation, for, as they owe far more than they have the ready means to pay, if they attempt to cut off depositors by with-

holding their ordinary accommodations in the way of discounts, depositors must raise all the money they can, and thus demand their deposits. The very worst policy for a bank is to deny its usual discounts to persons of unquestioned ability, for by pursuing this course they invite precisely the state of things from which we are now suffering. Why are the banks threatened with demands from depositors? Simply because they are withholding their usual discounts from them. There is no other reason whatever. Four times since the enactment of the Peel Act in 1844 the Bank of England has set aside that act; in other words, deliberately violated it, by issuing more notes than they were permitted by law to issue, in order to accommodate their customers, and then they have in effect said, "Present all the paper you wish to have discounted that is good, and we will take care of it." And the effect has been to settle the panic, or disturbance, so that the amount of notes issued on these occasions beyond the legal amount has been very small. In fact we believe that on one or two occasions it was not exceeded, for as soon as depositors or customers learned that the usual accommodations would be granted to them, the panic was over and business resumed its ordinary course. Some banks have much to answer in denying discounts to their customers during the last two or three months. If they had continued them, requiring good security, depositors would have demanded no more money than usual, and we have no doubt whatever that the money stringency would have been much less serious. But so long as the banks deny such accommodations, there is danger constantly that their customers will demand their deposits, and they cannot, of course, escape payment except by suspension. If they wish to have this state of things come to an end, evidently the thing for the banks to do is to resume their ordinary operations of discount. In other words, to have confidence in their customers, and they in turn will have confidence in the banks.

A New Mode of Expanding the Currency.—The bill introduced by Representative Johnson, of Ohio, providing for the exchange of United States bonds for Treasury notes, is attracting much attention. The chief feature of the plan is that the bonds are not to draw interest while the notes are outstanding, which are redeemable in United States legal tender notes. The plan is intended to secure elasticity of the currency; when currency is greatly needed and rates of interest are high, it is expected that bond-holders will deposit them in exchange for currency, even though losing the interest thereon, for the sake of the higher interest received on the currency in exchange.

A plan of expanding the currency was invented for the Bank of

Berlin, the general feature of which is recalled by the above plan. The bank pays a tax on its notes to the Government, but the charter also provides that in times when the pressure for money is great, it can issue more than the ordinary amount on the payment of a much higher tax than the ordinary one. The object of the plan is to provide for issuing more currency when the demand therefor is increased, and for its withdrawal as soon as the demand is over; and it is supposed that the higher tax on the extraordinary issue will be sufficient to secure this end. At the time of organizing the bank, some favored the adoption of the Bank of England plan, whereby the directors, as we have elsewhere described, openly disregard the law fixing the amount of issues in times of great monetary stringency. Instead of adopting this plan, however, the one above described prevailed. If we understand Mr. Johnson's plan, it is expected to work in a similar manner. This would depend on the amount of interest lost on the bonds. If that was nearly as much as the profit on the notes, they would be withdrawn. The notes would be perfectly secure, as the bonds of the Government would be behind them. To insure the perfect working of the plan, if the loss of interest on the bonds was not enough to lead to the retirement of the notes after the stringency or cause for issuing them had passed away, ought not a tax to be imposed on the circulation which would be heavy enough to effect this end? In other words, the desirable thing is to render such currency unprofitable to the issuers in ordinary times. By experimentation it could be determined what the Government should withhold in the way of interest on the bonds, or impose, perhaps, in the way of additional tax on the circulation to accomplish this purpose.

Branch Banks.—Some of the Canadian bankers have been insisting that their system of branch banking is very much superior to ours because they are all united, and in times like this support one another, and are in fact a single bank. There is, of course, a little truth in this, but not very much, as the Australian bank failures are very fresh in our minds, and most of them transacted business in that manner. There was a general collapse, the branches and the parent banks going together. We think that the strength of this system lies in a somewhat different direction, namely, that the head of such an institution is likely to be a much better banker, possessing more experience, etc., and therefore more competent to manage a bank and its branches than the ordinary banker in this country. As we all know, too many of the banks established here are started by persons who have not the slightest experience in banking, and imagine that because they have been successful perhaps in some other pursuit,

they can conduct a bank. One of the troubles with banking in the United States for many years has sprung from this fact, that too many of our bankers have been men utterly without banking experience. A large bank, however, as a bank usually is that has many branches, is managed by better men. There is this truth in the superiority of the branch banking system; but we can discover no other.

The Savings Banks.—Most of the savings banks throughout the country have required depositors to give notice of the withdrawal of their deposits, and this action has been generally commended. No doubt the savings banks generally are well managed, and depositors have been led to seek the withdrawal of their money without good reason. On the other hand, savings banks are not free from criticism in giving these notices. The regulation is an exceedingly good one, but if it was observed on all occasions depositors would understand it, and the difference between a savings bank and a bank of discount and deposit. But it is required so rarely that many depositors do not understand the meaning of it, and are more scared than ever. It does not signify that the notice has had the effect designed—of quieting the minds of the depositors, or of leading them to study more carefully into the reasons for giving the notice. Many of the depositors are very ignorant people, who do not understand anything about savings banks, except that it is a place to deposit money. But if the notice was always in force, depositors would understand the reason for it, and would have no scare over it like that which they are now enduring.

Payment of Interest on Deposits.—A correspondent of a Chattanooga newspaper presents a somewhat new view of the consequences of paying interest on deposits. The most common objection urged by a banker is that a bank will run more risk in lending them; but the Chattanooga correspondent asserts that as the bank must also make a profit by the operation, consequently it charges a higher rate for money than it would otherwise do, and this in turn is a serious burden for the borrower to bear. He says that the banks in that city have been competing so sharply for deposits that in some instances four or five per cent. have been paid for them, while the banks, to secure a profit, have charged as high as ten per cent. to the borrowers, which they could not afford to pay. In other words, borrowers could not afford to pay so much for money, yet the banks are unwilling to lend at lower rates because they paid so much to depositors. The depositor cannot be blamed especially for trying to get something in the way of interest on his money, and, of course, the bank expects to make something by the operation, while the manufacturer expects, even after paying high

rates for money, to have a margin of profit left. In the final analysis, therefore, it is a question of the division of the gain between the three classes for the use of the money. If one of the three parties attempts to get more than his share, less than a fair share is left for the other two. The evil will cure itself; either banks will be unwilling to pay such high rates to depositors, or borrowers will not pay so much for money. Ten per cent. for the use of money by a manufacturer, except in unusual conditions, is a much higher rate than he can afford to pay, and any bank that has exacted it must have known that it was running a great risk of absorbing all the borrower's profits and impairing his ability to repay; in short, was running the risk of putting its money beyond recovery.

A Canadian Banker's Remedy.—Mr. W. W. Weir, president of the Banque Ville Marie, of Montreal, has made some suggestions in the way of a remedy for our present financial difficulties that have attracted considerable attention. In general, he proposes the adoption of the Canadian banking system. By this no bank can be incorporated with a less capital than $500,000. No dividend or bonus can ever be declared that will impair the paid-up capital; and, in case any portion of the capital is lost, all net profits must be applied to make good such loss. Each bank must hold not less than forty per cent. of its cash reserve in Dominion notes, for which the whole credit of the country is pledged. The note issue of a bank cannot exceed the amount of the unimpaired paid-up capital of the bank; and such note issue is a just charge upon the assets of the bank. Each bank must also deposit with the Minister of Finance of Canada an amount in cash equal to five per cent. of its note circulation; and the amount so paid forms "The Bank Circulation Redemption Fund." This fund, which is deposited in the Federal Treasury, guarantees the note issue of every Canadian bank in case of failure, and in such case the bank note bears interest at six per cent. until both interest and principal are paid. Each bank is compelled to arrange for the redemption of its notes at par value at all principal cities in Canada which the Federal Government may from time to time designate. Each bank must make monthly returns to the Federal Government, which are forthwith published for the information of the public, and also such special returns as the proper officer of the Federal Government may direct. The shareholders of the bank are individually liable for an amount equal to the par value of the shares held by them, in addition to any amount not paid up on such shares. The note issues of all Canadian banks are thus fully guaranteed. They are, in the case of a bank failure, about as good as gold bonds bearing interest at six per cent., for they are not only a first lien upon the assets of the bank, but they are

also guaranteed by a redemption fund in the control of the Federal Government of the country for that purpose. To meet the further liabilities of each bank there is the bank reserve and other assets, and a double liability on the part of the shareholders.

Mr. Weir proposes to make all chartered banks in the United States banks of issue when their surplus and capital should amount together to $1,000,000, and to authorize such banks to issue notes of the denominations of $5, $10, $20, $50 and $100 to the extent of half their capital and surplus. Such issues are to be a lien upon the assets of the bank in case of suspension, and are to be free from Federal or State tax, except an assessment of not more than one per cent. per annum with which to redeem the notes of suspended banks. A second provision would oblige the banks of issue to keep one-half of their cash reserves in Treasury notes of the United States, the Treasury note reserve thus to be always equal to the gold and silver reserves of such banks. By a third provision banks of issue would be authorized to establish branch banks in various parts of the country, if they should deem it advisable, limiting the number of banks to one for each $100,000 of capital and surplus. In the opinion of Mr. Weir, the adoption of this measure would remove the stringency in the money market of this country within twenty-four hours. It is the want of elasticity, he urges, which causes scarce money when abundant currency is most needed to move the crops.

THE LAW RELATING TO ACCOMMODATION PAPER.

Promissory notes originate in two ways: they are issued either in payment of merchandise or other property, or for the purpose of borrowing money on them. Those which have their origin in business transactions are called business or commercial paper; the other kind of note is known as accommodation paper.* This is made by agreement between the maker and payee, who is also the indorser, for the benefit either of the maker or the payee-indorser. Commercial paper is deemed of a higher order than the other and can usually be sold or discounted on more favorable terms.

The maker's engagement of an accommodation note is to pay the same to any holder at maturity. He is liable, except to the payee, like the maker of any other paper. To any other person the law regards him in his assumed character, and will not permit him to show that the

* "Accommodation paper is a loan of the maker's credit without instruction as to the manner of its use."—*Agnew, J.* (*Lenheim* v. *Wilmerding*, 55 Pa. 75; *Lord* v. *Ocean Bank*, 8 H. 384; *Moore* v. *Baird*, 6 Casey 138; *Dunn* v. *Weston*, 71 Me. 270.)

paper to which he has given his name was an imposition or a fiction. (*Stephens* v. *Monongahela National Bank*, 88 Pa. 157, 162; *Bank* v. *Walker*, 9 S. & R. 229; *Walker* v. *Bank*, 12 S. & R. 382.) But if the paper, though made for the indorser's benefit, has been paid by the maker, he can recover from the indorser. (*Walker* v. *Bank*, 12 S. & R. 382; *Sparrow* v. *Chisman*, 9 B. & C. 241.) The payee-indorser who has thus paid cannot recover from the maker on the common counts, but must sue on the note. (*Kennedy* v. *Carpenter*, 2 Wh. 344.)

The payee-indorser promises that if the maker does not pay the paper at maturity, he will do so on due notification, and this promise is not only to his immediate indorsee, but to every subsequent one. (*Stephens* v. *Monongahela National Bank*, 88 Pa. 157, 163; *Struthers* v. *Kendall*, 5 Wr. 214.) But very frequently accommodation notes are made for the indorser's benefit, and when they are, he must pay them. (*Lewis* v. *Williams*, 4 Bush. 678.) In other cases, as the maker has received the proceeds, he is responsible therefor, and the indorser can recover from him whenever he has been obliged to pay them. (*Kennedy* v. *Carpenter*, 2 Wh. 344; *Stephens* v. *Monongahela National Bank*, 88 Pa. 157, 163.) And if the indorser has paid them after their maturity, their character of accommodation paper will not prevent his recovery thereon. (*Mosser* v. *Criswell*, 150 Pa. 409.)

A note may be accommodation paper between some of the parties thereto and not others. Thus, an accommodation note fell due and the maker, with the knowledge of the accommodation indorser, procured without consideration from a stranger a note payable to the firm of which both the original maker and indorser were members. This was indorsed by the firm and by the original indorser, and the proceeds were applied to the payment of the original note. The new note was declared not to be *prima facie* accommodation paper as between the maker and the indorser. For the indorser was liable on the former note and would have been required to pay it if means had not been raised on the new note to discharge the other. But the new note was accommodation paper as between the makers of the two notes. (*Mosser* v. *Criswell*, 150 Pa. 409.) The new note, therefore, was an independent security for the other and no dealings between the indorser and maker, short of payment or release, would affect the claim of the indorser against the maker of the new note. A mortgage given to the indorser as security for the new note would constitute no defense. (*Ib.*)

As accommodation paper is made for the purpose of borrowing money, it must necessarily pass into the possession of a third party. The indorsee acquires as good title, and in every respect his rights are as perfect as the indorsee of commercial paper.

(*Holmes* v. *Paul*, 6 Am. L. Reg. 482, s. c. 5 Pitts. L. J. 461; *Gatzmer* v. *Pierce*, 13 Pa. 88, s. c. 6 W. N. 433; *Moore* v. *Baird*, 30 Pa. 138; *Dornan* v. *Miners' Life Insurance Company*, 15 Leg. Int. 77; 20 Pa. 384; 118 Pa. 565; 132 Pa. 312.) The maker, therefore, cannot successfully defend against the indorsee of an accommodation note that he is not the owner and gave no consideration therefor, and that he knew it was of this character and for which the maker had received no consideration. (*Holmes* v. *Paul*, 6 Am. L. Reg. 482; *Gatzmer* v. *Pierce*, 13 Pa. 88.) In a well considered case, Judge Pershing, after remarking that an action by an indorsee of such a note against the maker cannot be defeated by showing that no consideration passed to the maker from the payee and indorser, added: "It is sometimes said that such defense is good against the indorsee when he took the paper with notice of the want of consideration or of any circumstances which would have avoided the note in the hands of the indorser. But the case of an accommodation note, whether made or indorsed for the benefit of the party to whom the maker or indorser intends to lend his credit, is an exception to this rule." (*Leib* v. *Lanigan*, 1 Leg. Rec. 117.)* The indorsee, therefore, is not required to prove the consideration paid by him any more than in other cases. Says Mr. Justice Huston: "The law is settled that whether the note is business paper and evidence of a real debt, or accommodation paper made by drawer or indorser to oblige the other, when it comes to the possession of a bona-fide holder he need not show that he gave a consideration for it, and that he is presumed to be honestly the owner of it; it lies on the other party to prove that he is not honestly the owner, or that he came to the ownership in such a way as to affect him with all the equity which the maker had against the person from whom the present holder got it." (*Barnke* v. *Offerman*, 7 W. 133; *Bower* v. *Hastings*, 36 Pa. 285; *Hoffman* v. *Foster*, 43 Pa. 137; *Hart* v. *United States Trust Co.*, 118 Pa.)

And if the indorsee is not required to prove the consideration paid by him, the maker surely cannot prove that the consideration was of less value than the amount demanded, for example, that his note was discounted for depreciated notes. "Evidence of this kind is not admissible unless it be held that in every case

* "The maker may, therefore, have a defense against the payee which he cannot have against the indorsee who has knowledge of that defense. * * And this is true, though the holder at the time he purchased knew that it was an accommodation note and that there was no consideration between the maker and the payee. * * The maker of the note is called on in this action to do nothing more than he has promised. He has nothing to do with the fact that the holder of the note purchased it for a less sum than its face called for." (See *Fulweiler* v. *Hughes*, 5 Harris 440.)

where a defendant gives a bond or note for property or value of any kind such a defense may be entertained, and that the party is not to pay what he promised to pay, but what the thing received turned out to be worth in his hands, where there was no fraud, mistake, misrepresentation or other ground of equitable defense." (*Keim* v. *Bank*, 1 Pa. 36.)

Nor will the solvency of the indorser, for whose benefit the paper is made, affect the maker's liability. It is issued purely on the credit given to the names thereon, the maker sustaining the primary liability. (*Third Nat. Bank* v. *McCann*, 11 W. N. 480.) The indorser's representation, therefore, to the maker that he is perfectly solvent and able to pay the notes when they mature, though untruthful, is not such a misrepresentation as will release the maker from paying them to a person to whom they have been negotiated. (*Third Nat. Bank* v. *McCann*, 11 W. N. 480.)

In the case of the *Third Nat. Bank* v. *McCann* (11 W. N. 480), the maker claimed that he was induced to sign the notes in controversy on the indorsers' representation (for whose benefit they were made) that they were solvent when, in truth, they were not. Said Judge Elcock: "Relying on the faith of the statement that the indorsers were solvent amounts to no more than a reliance on them that they would take the notes up at maturity being able to do so, which could not be tortured into a false pretense, the offense of obtaining goods, etc., which is a well defined crime by the statute. But how could such a representation cast a taint upon the paper itself? For the fraud must go to that extent. It must be created under such a state of facts as would be unlawful, immoral, or obtained by felony or force, and the taint, therefore, of the transaction, like the taint attached to goods which are stolen, attaches to the negotiable paper; and the reason for the rule is the same, for that which passes by delivery an indorsement carries with it its title as to all save the felon or party to the fraud who acquired it by his crime and all claiming under him. This must be distinguished, and the ground is often a narrow one, from want or failure of consideration, which is not a fraud, or a defense to negotiable paper in the hands of a bona-fide holder for value without notice."

The legal presumption, however, that the indorser is a holder for value may be rebutted by proving that the note was negotiated after its maturity, for when this is done, the maker may interpose any defense he could make against the payee. (*Bower* v. *Hastings*, 36 Pa. 285; *Hoffman* v. *Foster*, 43 Pa. 137; *Hart* v. *United States Trust Co.*, 118 Pa. 565.)

Nor is the accommodation drawer of a check given in renewal of another and payable at a future day liable to one who discounted the same at a usurious rate, knowing of an agreement

that it was to be paid by the indorser and not by him. (*Thompson* v. *Galloway*, 5 W. N. 383.)

An indorser of a negotiable promissory note for the accommodation of another is regarded as a surety for him; and any defense which could be made by the maker against a subsequent holder of the note can be made by his surety in an action against him by the holder. (*Gunnis* v. *Weighley*, 114 Pa. 191.)

As the peculiarity of an accommodation note is that no consideration is given by the immediate payee, if the maker should be sued by the payee, he need not prove that he was not to be held responsible; for as there was no consideration such an agreement will be implied. (*Yerkes* v. *Barr*, 4 Lanc. L. Rev. 66.) And if the note thus sued should be a renewal signed by one who by agreement had taken the original maker's place, he would not be responsible. (*Ib.*)

But if a note without consideration is given by an agreement that it shall not be collected unless judgment is recovered against the maker on a claim which is subsequently sued, and judgment is rendered in the maker's favor, the want of consideration is no defense. (Hill's appeal, 31 Pitts. L. J. 375; *Williams* v. *Williams*, 34 Pa. 312.) Said the Court: "The collection depended upon a contingency; the fact that it did not arise in this case did not change the intent and purpose for which the note was given, and is not, therefore, material. There does not then appear to be any good reason for distinguishing this case from that class of cases in which it is held that a note given without consideration for the purpose of hindering and delaying creditors is good between the parties." On the other hand, the maker of a note for the indorser's benefit cannot be regarded as in the position of a surety whose liability is discharged by extending the time of payment to the indorser without consulting him. (*Walker* v. *Bank*, 12 S. & R. 382, 1st trial, 9 S. & R. 229.) "We assume this broad principle," so the Court remarked in the Walker case, "that the man who makes a promissory note for the purpose of negotiation must stand to it; he has placed himself in the situation of principal and shall not afterwards escape by alleging that he was but a surety." The holder was under no obligation to notify him of the non-payment of his own note, nor of any indulgence which he might give the indorser. (*Work* v. *Kase*, 10 Casey 138; *Stephens* v. *Monongahela National Bank*, 7 Norris 157; *White* v. *Hopkins*, 3 W. & S. 99; *Lewis* v. *Hinchman*, 2 Pa. 416.)

A promissory note procured by an incorporated company for its accommodation on the promise of providing for its payment at maturity may be lawfully purchased or discounted by a director of the company and a member of its finance committee, though

understanding the nature of the note at the time of taking it. (*Holmes* v. *Paul*, 6 Am. L. Reg. 482; *Gatzmer* v. *Pierce*, 6 W. N. 433.) Unless an agent of the company to sell the note, he can obtain a lawful title and maintain an action against the maker thereon. (*Ib.*, see *Bartholomew* v. *Leech*, 7 W. 472; *Campbell* v. *Insurance Co.*, 2 Wh. 53.)

The maker or indorser of an accommodation note has no claim on an estate for the use of his credit when he has not been obliged to pay anything. (*Hoffeditz* v. *Maidencreek Iron Co.*, 141 Pa. 58.)

An accommodation note, which is made to enable the party to whom it is given to use the same for his own benefit without restriction, can be pledged as collateral security for an antecedent debt, and the maker is cut off as completely from making defenses against the pledgee as the maker of ordinary business paper is against the indorsee. (Rand. on Com. Paper, § 475; *Altoona Second Nat. Bank* v. *Dunn*, 151 Pa. 228; *Snyder* v. *Wilt*, 15 Pa. 64; *Lord* v. *Ocean Bank*, 20 Pa. 384; *Hart* v. *United States Trust Company*, 118 Pa. 565; *National Union Bank* v. *Todd*, 132 Pa. 312.) In *Lord* v. *Ocean Bank* (20 Pa. 384), Mr. Justice Black said: "He who chooses to put himself in the front of a negotiable instrument for the benefit of his friend must abide the consequence, and has no more right to complain if his friend accommodates himself by pledging it for an old debt than if he had used it in any other way." In one of the best reasoned cases, Mr. Justice Strong said: "He who lends his own promissory note for the accommodation of another lends his credit without any restriction as to the manner of its use. As between the maker and the payee there is an available defense, but the maker cannot complain of a subsequent holder when called upon to perform all he has promised. An indorsee, though he received it as collateral security and is not, therefore, a holder for value, may recover the full amount of the note; and a holder for value may recover, though he knew at the time he purchased that it was an accommodation note, and that there was no consideration between the maker and the payee. And a non-negotiable note, for example a sealed bill, given for accommodation and without restriction on its use may be pledged like a negotiable note." (*Altoona Second Nat. Bank* v. *Dunn*, 151 Pa. 228.)*

* (*Moore* v. *Baird*, 30 Pa. 138.) The cases in which this rule has been maintained are the following: *Twining* v. *Hunt*, 7 W. N. 223; *Appleton* v. *Donaldson*, 3 Pa. 381; *Work* v. *Kase*, 34 Pa. 138; *West* v. *Farmers and Mechanics' Bank*, 15 Leg. Int. 316; *Dornan* v. *Miners' Life Ins. and Trust Co.*, 15 Leg. Int. 316; *Leib* v. *Lanigan*, 3 Leg. Chron. 68, 69, s. c., 1 Leg. Rec. 117; *Fulweiler* v. *Hughes*, 5 H. 440; *National Union Bank* v. *Todd*, 132 Pa. 312;

As the holder of an accommodation note as collateral security for an antecedent debt is not a holder for value, a renewal occupies no higher ground, for no consideration is given. (*Royer* v. *Keystone Nat. Bank*, 83 Pa. 248; *Kirkpatrick* v *Muirhead*, 4 H. 117.)

This principle has been established in Pennsylvania with more difficulty than any other in the field now under review. The contrary principle has been often held, that the maker can interpose the same defense against the indorsee that he could against the original payee, because no new consideration is given. The court has uniformly held that whenever there was a new consideration, for example, when notes have been discounted on the faith of the collateral security, the maker's equities could not prevail against him,* but in other cases, as the indorsee paid or gave nothing for the security, why should the door be closed against the maker? The courts, however, have finally and firmly closed it against him, Mr. Justice Clark, in one of the more recent cases (*Carpenter* v. *National Bank*, 106 Pa. 170, 171), after remarking that accommodation paper is such as is made, accepted or indorsed by one party for the benefit of another without consideration, representing a loan of credit, saying: "Between the original parties it is open to the defense of want of consideration, but if transferred in the usual course of business, even to those who know the character of the paper, that defense cannot be made. Such a loan of credit is held to be without restriction as to the uses to which it may be applied. . . . The maker of accommodation paper, pledged for an antecedent debt, cannot, therefore, set up as a defense that it was given without consideration; this would defeat the very

Hart v. *United States Trust Co.*, 118 Pa. 565; *Miller* v. *Pollock*, 99 Pa. 202; Spering's appeal, 10 Pa. 235; *Ege* v. *Kyle*, 2 W. 222.

The contrary rule has been held in the following cases: *Maynard* v. *Sixth Nat. Bank*, 98 Pa. 250; Leggett Spring and Axle Company's appeal, 111 Pa. 291; *Gurrard* v. *Pittsburgh & Connellsville Railroad Co.*, 29 Pa. 146, 160; *Kirkpatrick* v. *Muirhead*, 4 H. 117, 123; second trial, 9 H. 237; *Lenheim* v. *Wilmerding*, 55 Pa. 73; *Harrisburg Bank* v. *Meyer*, 6 S. & R. 537; Ashton's appeal, 73 Pa. 153, 162; Pratt's appeal, 77 Pa. 378; *Petrie* v. *Clark*, 11 S. & R. 377; *Smith* v. *Hogeland*, 78 Pa. 252; *Irwin* v. *Zobb*, 17 S. & R. 419, 423; *Depeau* v. *Waddington*, 6 Wh. 220; *Hartman* v. *Dowdel*, 1 R. 282; *Twelves* v. *Williams*, 3 Wh. 485; *Trotter* v. *Shippen*, 2 Pa. 361; *Ludwig* v. *Highley*, 5 Pa. 132, 139; *Cummings* v. *Boyd*, 2 N. 372; *Struthers* v. *Kendall*, 41 Pa. 214, 227; *Walker* v. *Geisse*, 4 Wh. 258; *Selden* v. *Neemes*, 7 Wr. 422; *Bronson* v. *Silverman*, 77 Pa. 94; *Jackson* v. *Polack*, 2 Miles 362; *Schaeffer* v. *Fowler*, 111 Pa. 451; *Royer* v. *Keystone Nat. Bank*, 83 Pa. 248; *Strauch* v. *Hoeffer*, 2 Leg. Rec. 391, 392; Dorsey's appeal, 97 Pa. 162. The reason is thus expressed in Ashton's appeal, 73 Pa. 153, 162, by Sharswood, J.: "A creditor who takes a mortgage note or other chose in action only as security for a pre-existing indebtedness, and not for money advanced at the time, is not a purchaser."

* *Munn* v. *M'Donald*, 10 W. 270, 273; *Miller* v. *Pollock*, 99 Pa. 202; *Depeau* v. *Waddington*, 6 Wh. 220.

purpose for which it was made." (*Gatzmer* v. *Pierce*, 6 W. N. 433.)

But accommodation paper which is thus pledged for an antecedent debt is open to any defense except the want of consideration that could be made against the original holder. (*Cummings* v. *Boyd*, 83 Pa. 372; *Altoona Second Nat. Bank* v. *Dunn*, 151 Pa. 228, 232.) It may therefore be impeached for fraud in the making or procurement, or misappropriation by the payee. (*Carpenter* v. *National Bank*, 106 Pa. 170, 172; *Cummings* v. *Boyd*, 83 Pa. 372; *Stewart* v. *Moore*, 12 Phila. 225; *Lenheim* v. *Wilmerding*, 55 Pa. 73; *Winton* v. *Freeman*, 102 Pa. 366.) As Mr. Justice Sterrett has said: "An accommodation indorser of negotiable paper pledged by the maker for an antecedent debt cannot defend on the ground that his indorsement was without consideration because that would defeat the purpose for which he loaned his credit; but he may successfully defend by proving to the satisfaction of the jury that his indorsement was fraudulently procured, or that, instead of being a general and unrestricted loan of credit, the indorsement was made for a specific purpose, and that without his knowledge or consent the note was fraudulently used for another and entirely different purpose." (*Cozens* v. *Middleton*, 118 Pa. 622.)

What acts, then, are regarded as fraudulent in the law, and which relieve the maker? In *Lenheim* v. *Wilmerding* (55 Pa. 73) W. indorsed a note in blank, and left it with a third person to be signed by the maker, and for a particular purpose. The maker took it from the depositary without his knowledge, filled it up, and gave it to the plaintiff. This was a fraud on the indorser, and he was held not liable.

In another case (*Cozens* v. *Middleton*, 118 Pa. 622) it was contended that a note was indorsed for the express purpose of using it in settlement of a claim, and that it was afterward diverted. This would have released the indorser if the fact had been proved. But if a note is made to be thus used, and the settlement is not effected, and the note is left in the maker's possession, and it is afterwards pledged by him, the indorser is liable. (*Ib.*) In other words, the maker can use the note as though there had been no original restriction.

In *Royer* v. *Keystone Bank* (83 Pa. 248) a person was entrusted with a note indorsed in blank for the purpose of getting it discounted for the benefit of the maker and payee. It was, however, fraudulently appropriated by pledging the same as security for an existing debt. The maker successfully defended against the holder by showing a want of consideration and the fraudulent diversion.

In *Carpenter* v. *National Bank* (106 Pa. 170) a note was given as a memorandum and not for negotiation, but the payee fraudulently pledged it as collateral security for an antecedent debt. The holder was declared to be not a purchaser for value and could not recover.

In *Hart* v. *United States Trust Co.* (118 Pa. 565) the holders of a note made solely for their accommodation became insolvent before negotiating it, and promised the maker to return it. Instead of keeping their promise they indorsed it before maturity to a party as collateral security for an antecedent debt. The maker failed to establish a successful defense, the court declaring that he was negligent in leaving the note in possession of the holders.

In *Stewart* v. *Moore* (12 Phila. 225) a note was made for the especial purpose of preventing, if possible, a company from becoming bankrupt. It was not used, however, until after its bankruptcy, when the assignee transferred it to the plaintiff. Before his purchase, however, the maker gave him notice of all the facts and that he would not pay it at maturity. He was not held, the court remarking that as the indorsee knew that the payee had no right to transfer the note to him, his title was no better than that of the payee who, in this case, as a holder without consideration, would have had no claim against the maker.

If, therefore, the payee of an accommodation note should receive it with the restriction that he must use it to obtain a loan, he cannot pledge it for an antecedent debt; and if he should, the pledgee could not recover of the maker. (*Altoona Second Nat. Bank* v. *Dunn*, 151 Pa. 228.) And if a diversion is alleged in an affidavit of defense it must be specific, the circumstances and character of the fraud or diversion must be disclosed. (*Coon* v. *Moore*, 2 Pa. Co. Ct. Rep. 246.)

Has not the court gone too far in thus permitting the indorser to defend in these cases of diversion or misappropriation? If the note is not restrictive in terms, and the holder knows nothing about the agreement between the maker and indorser, why should a holder without notice be affected? Is not the more reasonable doctrine this: if the indorser wishes to restrict his act, to require him to state this in the note; and if he does not, to hold him responsible for the consequences? Certainly, of two innocent parties, the one who has been the prime means of the fraud ought to suffer by it, and applying this well-known rule, the indorser, and not the innocent holder, ought to suffer. Of course, this does not, and ought not, to apply in those cases in which the holder has knowledge, or in which the instrument has been surreptitiously obtained and used as in the Lenheim case. The defense in such a case would be just, because the note has not a legal existence. But when it has been legally issued, why should a third party be bound by any agreement concerning the use of the proceeds by the original parties? Suppose they are misappropriated, why should the indorsee be affected thereby unless he has been a party to the deed? (See remarks of the court in the Hart case, 118 Pa. 570.)

The holder of a non-negotiable note as a collateral security for

an antecedent debt is not a holder for value, and all the defenses can be made against him that could be against the assignee. (*Welsh* v. *Cabot*, 39 Pa. 342, 357; *Petrie* v. *Clark*, 11 S. & R. 377; *Hartman* v. *Dowdel*, 1 R. 282.)

Not only may such a note be pledged, but it may also be transferred in payment of an antecedent debt, and whenever this has been done, the maker can recover whenever there has been no diversion of the note from its original purpose. (*Coon* v. *Moore*, 2 Pa. C. Ct. Rep. 246.) Thus the indorsee of a bill of exchange took it for an antecedent indebtedness of a firm to whom it had been passed in the regular course of business before maturity, and gave credit for the amount. The consideration was deemed sufficient, and in an action against a prior indorser he was entitled to recover, notwithstanding the equities existing between the original parties. (*Struthers* v. *Kendall*, 5 Wr. 214.) As Mr. Justice Gordon remarked in *Bardsley* v. *Delp* (7 Morris, 420, 421), in which the defendant set forth in his affidavit that the plaintiff did not purchase the note in controversy for a valuable consideration, but received the same from the original payee for an antecedent debt—"this is a contradiction in terms, for if the plaintiff received the note *for*, that is, as we take it, in payment of an antecedent debt, he did purchase it for a valuable consideration." (*Kirkpatrick* v. *Muirhead*, 16 Pa. 117, 123; *Walker* v. *Geisse*, 4 Wharton, 252; *Rosenberger* v. *Bitting*, 15 Pa. 278; Dovey's appeal, 97 Pa. 153, 162; *Struthers* v. *Kendall*, 41 Pa. 214.)

This article may be concluded by considering the rights and liabilities of partners concerning this kind of paper. The law does not presume that a partner is an agent for his co-partners to indorse as surety for others, or outside the sphere of ordinary mercantile business. (*Bowman* v. *Bank*, 3 Grant 33.) In applying this rule, if a bill is drawn by A., payable to his own order, and is indorsed by a partnership followed by his own indorsement, it is *prima facie* for accommodation, and the burden of proof is on the holder who has discounted the bill to show that the partnership indorsement was made with the consent of the co-partners. (*Bowman* v. *Cecil Bank*, 3 Grant 33.)

When does the law presume that the indorsement is for the partnership? On one occasion A. & Co. sold goods to R.; the firm was changed to B. & Co., one of the members retiring, and the sales continued as before. Subsequently R. paid the debt to both firms by giving a note which the plaintiff had indorsed in blank. The note not having been paid by the maker, B. & Co. demanded payment, and the indorser paid the same, and then sought to recover of A. & Co. The presumption was that the note was indorsed for the accommodation of that firm. The firms were distinct, and the correspondence between B. & Co. and the indorser

created no liability on the part of one firm to the other. "If the correspondence had been between the firm, defendants, and the plaintiffs, or if it had appeared that the plaintiffs knew at the date of their letter that B. & Co. had succeeded A. & Co., and that the note in question had been given for the total of the indebtedness of R. to both firms, the latter would have been written evidence of guarantee, and payment of the note in pursuance thereof would have discharged the defendants." (*Adler* v. *Teller*, 1 Phila. Leg. Gaz. 224.)

If an accommodation note is made payable to a member of a firm with the understanding that it is for the firm's benefit, and is fraudulently appropriated by him to his own use, an allegation of the misappropriation is no defense against an innocent indorser. (*Leatherman* v. *Hecksher*, 12 At. 485.)

If two remaining partners agree to pay the firm's debts, this is not an assumption by one of them of a note on which he became an indorser for the accommodation of the retiring partner. (*Mosser* v. *Criswell*, 150 Pa. 409.)

THE RECEIVING OF DEPOSITS BY AN INSOLVENT BANK.

COURT OF APPEALS OF KENTUCKY.

Commonwealth v. *Schwartz.*

A banker who, after collecting money for a customer, induces the customer, while it is still in his possession, to loan it to the bank, by falsely pretending that the bank is solvent, when he knows or has reason to believe that it is not, is guilty of "obtaining" money under false pretenses, within the meaning of Gen. St. art. 13. c. 29, § 2, since it is only in cases where the delivery of property is necessary in order to deprive the owner of it that the false pretense must relate to such delivery.

BENNETT, J.—On the trial of the appellee under an indictment for obtaining money by false pretenses, the court instructed the jury absolutely to find for him. The commonwealth appeals from the judgment acquitting the appellee under that instruction. Are the indictment and the evidence sufficient to have authorized the jury to pass upon the question of the guilt or innocence of the appellee? The indictment charges that the appellee obtained by false pretenses, and with the intention to defraud Maria Buchholtz, $2,500; that he was a banker, and had a safe place to invest the money; that his bank was solvent and safe, and able to repay her money at any time upon 30 days' notice; that the laws of the State did not allow him to pay her but 4 per cent. interest, but he would give her 6 per cent. interest, but would enter only 4 per cent. in her book, if she would leave her money with him; that she relied upon said representation, and let him have the money; but his said representations were false and fraudulent, but made with a design to deceive her, and did deceive her, whereby he obtained the $2,500, and appropriated the same to his own use, and she was permanently de-

prived of it, etc. The testimony of said Maria Buchholtz is, in substance, that on the 24th day of February, 1891, she took a note and mortgage which she held on some Chicago parties, for $2,500, to the banking-house of the appellee, in the city of Louisville, and employed him, at the price of $10, to take charge of said papers and collect the money. He agreed to do so promptly, and to notify her when the money was collected. That not hearing anything from the appellee, on the 9th day of March, which was Monday, she again visited his banking-house, and inquired after the collection; that the appellee told her that he had collected the money on Saturday previous, but too late to notify her. She then expressed a desire to have the money, and he replied that, if she did not need the money, to let it remain there; that he had a solid, safe place for it; that the bank was good and able to pay, or he was able to pay, and he would pay her 4 per cent. for the money, and, any time after 30 days' notice, repay the money itself. She declined to take 4 per cent. He then, after consulting with one of the partners, said that he would give her 6 per cent. for the use of the money, but would make a memorandum of the transaction in her book, showing only 4 per cent., as the law did not allow him, or that he was not allowed, to pay over 4 per cent. She then consented to let him have the money upon said terms, saying that if she should lose it she would be turned into the street, as that was all she had, and no one to help her, and he replying, "Oh! we are able to pay."

The witness being a German, and not speaking or understanding our language well, there is some confusion and apparent contradiction in her evidence; but the foregoing is a fair synopsis of it. It was also in evidence that at the time mentioned the appellee and his bank were hopelessly insolvent, amounting to about $420,000 net, and the jury would have been authorized to infer that the appellee knew it. Article 13, § 2, c. 29, Gen. St., provides: "If any person, by a false pretense, statement, or token, with intent to commit a fraud, obtain from another money, property, or other thing which may be the subject of larceny," etc., "he shall be confined in the penitentiary," etc. If the appellee was enabled to borrow said money from Mrs. Buchholtz by falsely pretending that his bank was solvent, when he knew or had reason to believe that it was not, is he guilty of the crime denounced by the statute, *supra?* Upon that subject the rule is well settled that if a person obtain a loan of money from another by a false pretense of an existing fact, although he intended to pay it, he is guilty of the crime of obtaining money by false pretenses. See 7 Amer. & Eng. Enc. Law, pp. 752, 753, and notes; also, upon the subject that false pretense must be of an existing fact, see *Glackan* v. *Com.*, 3 Metc. (Ky.) 232. The false pretense of an existing fact in this case, if any false pretense there was, consists in the false representation that the appellee's bank was solvent and the loan was safe, when he knew or had reason to believe that it was insolvent and unable to pay, and which induced her to make the loan, or induced her to loan the money, by the false pretense that he had a safe place to invest it, upon which she would realize 6 per cent., intending at the time to appropriate the money to his own use, to wit, that of the bank, knowing or having reason to believe that the bank was insolvent, although he intended to repay her. Such false pretenses, if made as indicated, were sufficient to authorize the case to go to the jury.

But it is contended that, as the appellee, at the time he obtained the loan of the money, had it in his possession, the statutory offense of obtaining money by false pretenses was not made out, because under the statute the offense is not made out unless both possession and title are obtained by the false pretense, and, as the appellee did not obtain the

possession by the false pretense, the offense was not made out. The counsel for the appellee refer to many cases that sustain that proposition, and we concur with the general principle therein announced. But we think that principle does not apply to this case, for that principle only applies where it takes the delivery of the possession to complete the transfer of the title to the property. The statute reads, "obtain from another money or property." So, according to all the authorities, if it takes the delivery of the property to deprive the owner of dominion over it, the defendant must have obtained the delivery, as well as the title, before he can be made liable under the statute, *supra*. Mr. Wharton, in the second volume of his work on Criminal Law (9th Ed. § 1227), correctly sums up the meaning of all the cases on the subject in the following language: "A delivery of the property must be averred as the result of false pretenses in all cases in which the prosecution rests upon such delivery." Of course, as said, if the delivery is necessary to complete the transfer of the property, the prosecution in that case rests upon such delivery. To illustrate the rule: Suppose A., by false pretenses, buys a horse from B., but B. does not deliver the horse to A. In such case it cannot be said that A. has, in the sense of the statute, obtained B.'s property by false pretenses, because as yet B. has the property. He has not parted with it, and, by reason of the fraud, he is not bound to part with it. It is, in legal contemplation, still his. Hence, he has not parted with his property by the false pretenses of A. But if the property is so situated that B., by transferring it, deprives himself of dominion over it without a delivery, which completes the transfer to A., and such transfer is obtained by false pretenses, there is an offense against the statute. The rule is illustrated by the following authorities: Bishop (2 Crim. Law, 7th Ed., § 465) says: "If, after goods are delivered, the vendor becomes suspicious of the solvency of the purchaser, and expresses his intention to retain them, whereupon the latter, by false pretenses, induces him to relinquish his purpose, there is no offense against the statute, the sale having been completed before the false pretenses were made; and, though the right of stoppage *in transitu* may remain, the rule appears to be the same, the relinquishment of right not being deemed a parting with the goods. But where the sale is on condition subsequent, and a delivery thereupon, and afterwards the vendor is induced by false pretenses to give up his property in the goods, this is probably within the statute." In the case of *People* v. *Haynes*, 11 Wend. 557, it was held by the Supreme Court that where goods were delivered to a person, but the title did not pass to him except upon condition, and after the delivery the purchaser obtained the title by false pretenses, he was guilty of obtaining the goods by false pretenses. Upon appeal to the Court of Appeals that court approved of the principle announced, but reversed the case on the ground that the sale was absolute. In the case of *Commonwealth* v. *Hutchinson*, 114 Mass. 327, it was held, under a statute that provided if any person obtained by false pretenses the signature of another to a writing that would be forgery at common law, he should be punished, etc.; that if it was necessary that the writing should be delivered in order to complete the crime of forgery, and it was not delivered, an offense against the statute was not made out; but if the instrument was obligatory upon the signer without delivery, the offense against the statute was made out. In the case of *Com.* v. *Devlin*, 141 Mass. 423, 6 N. E. Rep. 64, it was held that on the delivery of sheep to a purchaser, the title not passing until the sheep were paid for, where the purchaser obtained the title by false pretenses, he was guilty, etc. These cases establish the doctrine that it is only in case the delivery of the property is necessary in order

to completely deprive the owner of it that the false pretense must relate to such delivery, but if the delivery is not necessary to a complete transfer the false pretenses need not relate to the delivery in order to make out the offense against the statute; and if the possession has been delivered to the party, but not the right of property, and he, after such delivery, obtains the title by false pretenses, he is guilty, under the statute, of obtaining goods, etc., by false pretenses. In this case the appellee had collected the woman's money, as her collecting agent, and had the possession of it as such agent; and, when she demanded it, he, recognizing her right and the character of his possession, induced her to part with her title to him. In such case it is clear that the prosecution does not rest upon delivery, as there was a complete transfer of property without the delivery. The case is ordered to be certified, etc. —*Southwestern Reporter.*

NEGOTIABLE INSTRUMENTS—TRANSFER BY AGENT.

COURT OF ERRORS AND APPEALS OF NEW JERSEY.

Dowden v. *Cryder.*

If one who is known to be an agent for the negotiation of his principal's draft transfer the draft to a third person in payment of the agent's debt, that person will acquire no title to the draft, however honest his actual intention may be.

The declarations of an agent, although accompanying his acts, constitute no evidence of the extent of his authority.

If an agent transcends his authority, and commits a breach of trust, by transferring his principal's property to pay his own debt, the principal will not be deemed to have ratified the act until he has notice of the breach of trust.

If a transaction between an agent and another person be entire, and be known to such other person to be a breach of trust on the part of the agent, the principal is not bound at all, although some portions of the transaction might, if standing alone, have been within the agent's power and duty.

Persons dealing with one who is known to be a special agent are chargeable with knowledge of the extent of his authority.

A special agent, authorized to negotiate a draft for cash at a reasonable discount, is not empowered to negotiate it for cash and merchandise.

(Syllabus by the Court.)

DIXON, J.—E. H. Carmack drew a draft on the defendant for $3,200, payable four months after date to his own order, and the defendant accepted it for Carmack's accommodation. Thereupon Carmack indorsed it, and delivered it to one Barnett, with authority to negotiate it for cash at a reasonable discount. Barnett transferred it to the plaintiff for $2,060 cash and a diamond necklace, which they valued at $1,100, and then absconded. At the time of the transfer the plaintiff knew that Barnett was not the owner of the draft, but held it merely as the agent of Carmack for negotiation. Carmack repudiated the transfer, and the draft went to protest; hence this suit. At the trial in the Essex circuit the cause was submitted to the jury on the question of fact whether the necklace, prior to the transfer, was the property of the plaintiff or was the property of Barnett, held by the plaintiff to secure Barnett's debt to him; and the jury were instructed that in the former case the plaintiff might recover, but could not in the latter. They found for the defendant. The cause is before us on exceptions to the charge of the judge and to his refusals to charge in accordance with the plaintiff's requests.

First, the plaintiff asked the judge to charge that the plaintiff's title to the draft could not be invalidated unless the circumstances under which he took it proved actual fraud; that mere carelessness would not impair his title. This legal rule is thoroughly established (*Hamilton* v. *Vought*, 34 N. J. Law, 187; *Copper* v. *Jersey City*, 44 N. J. Law, 634), but it is inapplicable to the present case. The defect found in the plaintiff's title sprang, not from the law relating to commercial paper, but from the law of agency. It is a universal principle in the law of agency that the powers of the agent are to be exercised for the benefit of the principal, and not of the agent or third parties. (*Jaques* v. *Todd*, 1 Amer. Lead. Cas., 5th Ed., 687.) Persons dealing with one whom they know to be an agent, and to be exercising his authority for his own benefit, acquire no rights against the principal by the transaction. (*Stainer* v. *Tysen*, 3 Hill, 279; *Mecutchen* v. *Kennady*, 27 N. J. Law, 230; *Safe Deposit Co.* v. *Abbott*, 44 N. J. Law, 257; *Bank* v. *Underhill*, 102 N. Y. 336, 7 N. E. Rep., 293.) Such a transaction is usually and perhaps properly spoken of by the courts as fraudulent, but however honest the intention of the parties, the agent's act is invalid merely because circumstances known to both prove it to be *ultra vires*. In the present case the plaintiff sought to get rid of the imputation of bad faith by claiming that Barnett had told him that he had authority to accept the diamonds in exchange for the draft; but it was not pretended that such authority was supposed to have been given with knowledge that the agent had a personal interest in the redemption of the diamonds. Nothing short of power expressly granted to the agent to deal with the draft for his own benefit would validate such a use of it in favor of one cognizant of the facts. Consequently, on the fact found by the jury, the plaintiff's title was defeated, if not by his actual fraud, by his knowledge of the agent's misappropriation of the principal's property. This request was rightly refused, save as its substance was embodied in the charge delivered.

The second request was to charge that, if the agent represented to the plaintiff that he had authority to exchange the draft for money and diamonds, and the plaintiff believed him, Carmack was estopped from denying the authority; and *Campbell* v. *Nichols*, 33 N. J. Law, 81, is cited to support this proposition. For reasons already stated, this request did not reach the merits of the case, because it was not claimed that Carmack had any notice of his agent's interest in the diamonds. But, aside from this, the proposition was intrinsically unsound. The declarations of an agent, although accompanying his acts, constitute no evidence of the extent of his authority. (Story, Ag. § 136; *Brigham* v. *Peters*, 1 Gray, 139; *Baker* v. *Gerrish*, 14 Allen, 201; *Gifford* v. *Landrine*, 37 N. J. Eq., 127, 628; *Farmers' Bank* v. *Butchers' Bank*, 16 N. Y. 134.) The decision in *Campbell* v. *Nichols*, does not militate with this rule. The representation there upheld as an estoppal against the principal related, not to the scope of the agent's power, but to an extrinsic circumstance affecting the character of the instrument which the agent was empowered to dispose of, and which circumstance would be within the cognizance of the agent or his principal, but not of those dealing with the agent. The distinction between a representation by an agent as to such extrinsic facts and his representation as to the scope of his authority is clearly drawn in *Farmers' Bank* v. *Butchers' Bank*, *ubi supra*.

The next request was to charge that, if the plaintiff told the defendant, before he purchased the draft from Barnett, that the draft was all right, and would be paid, then, in the absence of any fraudulent conduct on the plaintiff's part, he would be entitled to recover. Such a charge was unnecessary. If the defendant had so stated, his evident meaning

was that the draft would be paid to the lawful holder; but that had no relevancy to the point in controversy, which was whether the plaintiff owned the draft.

The next request was to charge that if Barnett, after he had exhibited the diamonds to Carmack, went to Boston, with Carmack's permission, to dispose of them, that was a ratification of the transaction. There are two faults in this request: First.—It ignores the undisputed fact that at the time of the supposed ratification Carmack had no notice of his agent's breach of trust in using the draft to redeem his own property from pledge. Without such notice he could not be charged with ratification. (Story, Ag. § 239; *Gulick* v. *Grover*, 33 N. J. Law, 463; *Titus* v. *Railroad Co.*, 46 N. J. Law, 393.) Secondly.—The matters referred to in the request were, at most, only evidence of ratification, not actually the thing itself.

The last exception is taken to the judge's charge that if the plaintiff was entitled to a verdict it should be for the full amount of the draft; the plaintiff contending that, if Barnett was a special agent, entrusted with the duty of obtaining money on the draft, then, in so far as he pursued his authority, by getting money upon it, he bound his principal, and the plaintiff became the owner of the draft *pro tanto*, and might recover $2,060. This petition of the plaintiff is untenable. The transaction between him and Carmack's agent was a unit. By it the agent was to give the plaintiff title to the draft in consideration partly of a personal benefit inuring to the agent. The plaintiff, as we have seen, is chargeable with knowledge that the agent had no power to bind his principal in such a transaction; and, therefore, he cannot claim to have received any title from the principal. The rule which would preclude the principal from ratifying part of this transaction and repudiating the rest (Story, Ag. § 250) precludes the plaintiff from forcing upon him such partial adoption. Certainly if, after the arrangement was made between the plaintiff and Carmack's agent, the plaintiff and Carmack had met, and the latter had said, "I will accept the money part of the consideration, and give you a title *pro tanto* in the draft, but will not accept the diamonds," the plaintiff would have had the right to decline, upon the ground that he had assented to no such bargain. Carmack's rights rest upon a similar foundation. There is no error in any of the matters assigned. In our view of the evidence, the trial might properly have been concluded by a direction that the jury find a verdict for the defendant. Barnett was only a special agent, and his authority was to negotiate the draft for cash at a reasonable discount. This did not authorize him to negotiate the draft for cash and merchandise. The plaintiff dealt with him as such agent, and was, therefore, bound to ascertain the extent of his power. (*Black* v. *Shreve*, 13 N. J. Eq., 455; *Armor Co.* v. *Bruner*, 19 N. J. Eq., 331; *Cooley* v. *Perrine*, 41 N. J. Law, 322, and 42 N. J. Law, 623.) The contract between the plaintiff and the agent having been beyond the agent's authority, it gave the plaintiff no rights against the principal. The attempt to prove ratification, even without regard to the agent's interest in the diamonds, was, we think, a total failure. The jury might, therefore, have been instructed that the plaintiff had no title to the draft, and could not recover upon it.

The judgment should be affirmed.—*Atlantic Reporter.*

LEGAL MISCELLANY.

USURY—EVIDENCE.—Where usury is alleged as a defense to an obligation to pay money, the presumption is against the violation of the law, and in favor of the innocence of the party charged, and the usury must be established by clear and satisfactory evidence. [*White* v. *Benjamin*, N. Y.]

LIMITATIONS—NOTE—PAYMENT BY INDORSER.—Part payment of a note by the payee and indorser does not arrest the running of the statute of limitations, as against the maker, although Code, § 50, makes the indorser of a note liable as surety. [*Le Duc* v. *Butler*, N. Car.]

BAILMENT—VOLUNTARY TREASURER—NEGLIGENCE.—A treasurer of an association who receives no compensation is a gratuitous bailee, and is only liable for gross negligence in paying out funds. The fact that he has given bond for the faithful performance of his duties as such does not increase his liability. [*Hibernia Bldg. Ass'n* v. *McGrath*, Penn.]

TAXATION—BANK STOCK.—Under Code 1892, § 3,764, providing that for the purposes of taxation bank stock shall be rated at par unless it appears to be worth more or less, an assessment thereof for State and county taxes, based on a two-thirds estimate of the value merely because property generally was assessed on that basis, is erroneous, and the city wherein such bank was located was not bound by such valuation, but in estimating taxes due it from the bank was entitled to assess its stock at par value. [*Alexander* v. *Thomas*, Miss.]

NATIONAL BANKS — LIQUIDATION — STOCKHOLDERS.—A National bank may go into liquidation, and be closed, by a vote of its shareholders owning two-thirds of its stock; and this right may be exercised, although it may be contrary to the wishes, and against interests, of the owners of the minority of the stock. [*Watkins* v. *National Bank of Lawrence*, Kan.]

NEGOTIABLE INSTRUMENT—NOTE.—In an action on a note indorsed in blank after maturity, brought by the holder, where the maker is allowed to interpose any defense he has against the payee, an objection that there is no proof that plaintiff is the owner cannot be sustained. [*Woodbury* v. *Hinckley*, Colo.]

BANK—SAVINGS BANK—INTEREST ON DEMAND NOTE.—Where a savings bank accepts interest in advance on a note payable on demand, it is *prima facie* evidence of an agreement to forbear collecting the note until the expiration of the time for which such interest is paid, and the maker cannot, on payment of the principal before the expiration of such time, recover back the unearned interest, in the absence of an agreement by the bank to repay it. [*Shelly* v. *Bristol Sav. Bank*, Conn.]

NEGOTIABLE INSTRUMENT—CONVERSION OF NOTE.—Where a negotiable instrument is assigned as a mere security for a debt, the purpose for which the assignment was made may be proved to show the true nature of the transaction. [*Cortelyou* v. *Hiatt*, Neb.]

NEGOTIABLE INSTRUMENT—PROMISSORY NOTE—CONSIDERATION.—The release of a claim, in good faith, of a future contingent interest in certain land under the will of a deceased ancestor, is sufficient consideration for a note given therefor, whether he in fact had any interest in the land or not. [*Brooks* v. *Wage*, Wis.]

NEGOTIABLE INSTRUMENTS—FRAUD.—The fact that one may have been induced by fraud to indorse certain notes and drafts for another does not affect a note and mortgage given by the former to a third person to raise the money necessary to meet obligations thereon, there being no fraud between the maker and the payee of the latter note, and full value being received. [*Ross* v. *Webster*, Conn.]

GUARANTY—NOTICE—CONSIDERATION.—A personal guaranty given by stockholders and directors of a bank to another bank, in consideration of "loans, discounts, or other advances to be made," for the repayment of any indebtedness thus created, imposes a liability on the guarantors, when acted on by the guarantee, though no notice of acceptance of the guaranty was given; for the contract shows a personal interest of the guarantors in the advances, constituting a consideration moving to them. [*Doud* v. *National Park Bank of New York*, U. S. C. C. of App.]

HOARDING OF GOLD AND SILVER IN BRITISH INDIA.

In connection with the vexed question of the Indian currency, an important inquiry emerges as to how far the situation may be affected by the extensive system of hoarding which prevails in India. The closing of the mints to the coinage of silver may act injuriously to the holders of hoards, who in times of trouble may be obliged to turn their hoards into hard cash, at least that portion of them which is not expressed in current coin of the realm.

The history of hoarding in British India is full of interest. It is history itself; it is social habit as well; not to speak of material and other conditions, such as the kind of ruler and the methods of governing. One circumstance which has helped the ingathering of gold and silver in India has been the excess of exports over imports for centuries. The metals paid to India have remained and gone into hoard to a vast extent. We are told that Pliny, whose death took place in 79 A. D., complained that India drew from the great Roman Empire no less than 5,000,000 sesterces per year, or about £540,000 sterling. In a book of travels published in 1699 by a Frenchman, M. Bernier, who lived some time at the Court of Delhi, and made a report on the commercial relations of India to Colbert, the great French statesman, it is stated that "the gold and silver of the world, after circulating for some time, finally flow to India, as into an abyss from which there is no return."

It may be asked to what the system of hoarding is to be attributed. Sir Charles Trevelyan, an Anglo-Indian authority, says it arises from habits induced by ages of misgovernment. It must also be remembered that no adequate means of investing money has been opened to this thickly peopled country; that oppression and violence have been rife; that no confidence or feeling of safety has existed; and that the hoarding of coin is the only form of saving known to the natives. The habit has been of very long growth, and orientals are not easily moved out of their orbit. Sir David Barbour gave interesting evidence before the Royal Commission appointed to inquire into the recent changes in the relative values of the precious metals, otherwise known as the Gold and Silver Commission, on the subject of hoarding, of which he appears to have made a study. He said that it was beyond question that there was a large amount of hoarding both of gold and silver. Gold and silver are hoarded in the form of bullion or coin, and frequently the metal

is made into ornaments, and partly used for the purposes of ornament and partly kept as a hoard, it being impossible to discriminate between the use of gold and silver as ornaments, and their use simply for the purpose of hoarding. Natives prefer to invest their means in the form of ornaments for their families, because it is a hoard, besides being also a source of gratification to them to possess these ornaments. As natives get wealthy they prefer gold, and a wealthy man chooses ornaments of gold for his family rather than silver. The very poorest classes use ornaments made of some base metal, neither gold nor silver, although there may be some silver in it. It is very much a question of the position of the family as regards wealth.

The amount of such hoarding for the half-century previous to 1885 was estimated by Sir David Barbour to be £130,000,000 of gold, and £170,000,000 of silver, or, together, £300,000,000, and is exclusive of hoards previous to 1835. This sum represents the greater part of the gold and silver imports during the half-century in question, and it is one-third of the total amount of coinage in circulation in the world, estimated by Dr. Soetbeer at £1,000,000,000.

The money thus hoarded is withdrawn from circulation without any intention, unless under very special circumstances, of returning it to circulation again. Nothing but some special circumstance or pressing necessity would induce those who hoard to turn it into coin again, or to take it out of hoard. War would probably have the effect of increasing hoarding by adding to the insecurity. No mere inducement of profit within ordinary limits would bring out the hoards, although a very large increase of interest might, but no such high rate is likely to be offered.

It was difficult to arrive at an estimate of how much of these hoards was lost through being hidden and not to be found again. In Delhi there used to be a consumption of gold in connection with "pawn," which is the signal for you to leave after an interview, and there is some gold used for ornament in this way. A sum of £100 a day was used in Delhi alone in manufacture connected with "pawn," which was lost forever. There are said to be considerable stores of gold and silver connected with the temples in Southern India.

In twenty-five years, it is believed that about two-thirds of £6,640,000 worth of silver have been absorbed by the native population living in Simla and in the hills. The hill tribes and hill natives are more given to hoarding than the people in the plains, and the people of Simla have had special opportunities for hoarding in recent years, as so many Anglo-Indians reside there during the year and circulate their money. It is natural to suppose that there is more hoarding in the outer and hill portions of civilization than in the more in-lying parts among the plains. The amount of gold and silver ornaments used by the hill women of late has been a subject of observation and remark, and evidences a state of growing wealth in that locality.

When money is drawn from a hoard it is usually pledged, in the first instance, with the native banker or money-lender, and the native banker might either sell that silver again, if he obtained possession of it, or he might send it to the Mint. During the years of the great famine in Madras and Bombay, a large amount of gold was sent from India to England, among which was a quantity of gold from India, which was evidently composed of ornaments melted down. These coins, which were brought to the Bombay Mint for coinage, were native coins, which are not legal tender, as a rule, in British India. It may be mentioned that there are numerous native States which exercise the right of coining, which they are tenacious of as a sovereign privilege. The principal

native State with a coinage is Hyderabad. Holker's Government has coinages at Indore, Bhopal and Travancore, which are of a small amount.

The annexed list will show the amount of native coins and ornaments tendered for coinage in the Bombay Mint from 1854-5, and it will throw light on the operation of withdrawing hoards from their concealment:

BOMBAY MINT.—APPENDIX D.—GOLD AND SILVER COMMISSION.

Years.	*Native Coins.*	*Ornaments.*	*Total.*
	Rs.	*Rs.*	*Rs.*
1854-55	15,81,000	4,69,000	20,50,000
1855-56	10,58,000	2,31,000	12,89,000
1856-57	3,13,000	2,23,000	5,36,000
1857-58	2,02,000	50,000	2,52,000
1858-59	4,48,000	15,000	4,63,000
1859-60	2,25,000	2,24,000	4,49,000
1860-61	1,27,000	2,49,000	3,76,000
1861-62	1,53,000	12,22,000	13,75,000
1862-63	49,000	47,000	96,000
1863-64	37,000	1,63,000	2,00,000
1864-65	2,000	....	2,000
1865-66	74,000	.. .	74,000
1866-67	3,36,000	....	3,36,000
1867-68	19,75,000	1,53,000	21,28,000
1868-69	19,23,000	1,65,000	20,88,000
1869-70	20,18,000	1,74,000	21,94,000
1870-71	20,74,000	72,000	21,46,000
1871-72	10,88,000	12,50,000	23,38,000
1872-73	15,73,000	28,80,000	44,53,000
1873-74	23,96,000	12,17,000	36,13,000
1874-75	7,90,000	3,63,000	11,53,000
1875-76	7,10,000	75,000	7,85,000
1876-77	20,000	8,52,000	8,72,000
1877-78	....	1,24,00,000	1,24,00,000
1878-79	47,00,000	1,16,00,000	1,83,00,000
1879-80	43,00,000	92,00,000	1,37,00,000
1880-81	23,50,000	10,00,000	35,50,000
1881-82	1,00,000	4,00,000	5,00,000
1882-83	15,50,000	50,000	14,00,000
1883-84	1,25,000	50,000	1,75,000
1884-85	16,25,000	18,75,000	35,00,000
1885-86	2,00,000	3,25,000	5,25,000

It will be observed from the above statement that in times of scarcity and famine a considerable quantity of silver ornaments has found its way to the Mint. During the period of the great famine in 1877 and the following years, for example, large quantities of such ornaments were minted. In three years, as will be seen, no less than *Rs.* 4,500,000 were thus turned into money.

One who describes the hoard of the Maharajah of Burdwan gives as well a good idea of the origin of hoarding in the far-off days when robbers abounded, and when life and limb, property and possessions were unsafe. Through fear, he says, that the Mahrattas might take away whatever they found in the house, and that the householders would have nothing to fall back upon, it was thought necessary in those days to keep a large amount of savings underground for the time of need. Besides, in the time of the Mogul Emperors, the country was not so safe as it is nowadays under the British rule, and there was no other way of investment than buying landed property, precious metals, jewels, etc.

As they used to have large sums in cash, and also because the people of those days did not have the same confidence in the Government of the country as they have now, they preferred keeping their savings in hard cash within easy reach, and in the shape of precious stones and metals.

Ladies of the Hindoo household were, as a rule, uneducated in those days (and the majority of them are still no better), and for their benefit it was not thought proper to invest in securities, as when there was no male member in a family it would be hard for the uneducated ladies to deal with the securities or other investments which might necessitate their appearing in court, and undergoing some expenses to get their just dues from the court, in addition to the degradation they would have to submit to.

Another reason why people (especially poor people, who cannot save more than 100 or 200 rupees, and have some ornaments) like to leave for their wives and families behind them hard cash and ornaments, is that they cannot afford to have iron safes or strong boxes to keep their money in in the shape of currency and promissory notes. They generally put their things within brass *lotas* or *Bahugunas*, and then bury them under ground somewhere in the room they sleep in; as a rule they prefer the ground below their beds for that purpose. Often disused wells or other out-of-the-way places are also used in this way.

A report made by an officer of the Indian Post Office in 1886 showed that a native prince was at present hoarding gold at the rate of £40,000 or £50,000 per year. He set apart a very large sum of money (in silver) for conversion into gold, and every month between 40,000 and 45,000 rupees' worth of gold mohurs are purchased by agents in Calcutta, Bombay and certain other places, and dispatched in secrecy to a certain native banker who acts as his treasurer. The gold is deposited in a strong vault or room specially set apart for it. The value of the mohu is about 30*s*., and it is like a rupee, only it is of gold instead of silver.

Another reported case of hoarding was that of two native princes recently, who, it was believed, had left as much as £4,000,000 each. They certainly left large hoards, but it could not in the nature of things be ascertained how much was in silver and how much in gold. As an illustration of the tendency to hoard, it may be mentioned that one of those princes took a loan from the Government of India in 1877 of £500,000, and at that time he must have been in possession of a large hoard himself. But it is very often a point of honor with the family not to break into the hoard, and they prefer to borrow rather than touch the hoard, which is treated like a family picture, not to be sold if possible. The whole of the loan taken by the prince referred to was not repaid in 1886; but the year before (1885), when he had to make a payment to the Government of India for a purpose in which he was interested, and he was asked when he could make the payment, a payment of £150,000, he said "at any moment." That is, he had no difficulty in paying £150,000 at a moment's notice.

The existence of a very large hoard was discovered lately on the death of the Maharajah of Burdwan. The extent of the gold and silver hoarded, even no member of the family could tell, so extensive was it. In recent years £230,000 of silver was withdrawn from the hoard of the Maharajah, but that was not the whole amount. The silver coins withdrawn must have been coined before 1835, because they were Sikka rupees, of which none have been coined since 1835. This confirms the conclusion come to on other grounds as well, that an immense amount of the hoarding is anterior to the year 1835, at which time statistics

of the import of the precious metal began to be prepared. It was in the same year (1835) that gold ceased to be a legal tender in India.

Reverting to the hoard of the Maharajah of Burdwan, a letter was submitted to the Royal Commission on the subject of the hoard. The letter, as published, wisely bears no name, as the communication was confidential on a matter of so much moment, and attended with so much necessity for secrecy. A description is given in the following terms of the several treasure houses in the estate, their dimensions and their contents. There are three rooms which are known by the name of Toshakhana:

One large room, measuring about 48 ft. in length, 14 ft. 6 ins. in breadth and 13 ft. 9 ins. in height, where gold and silver ornaments, and ornaments set with precious stones, are kept. These articles are kept in almirahs and boxes of all descriptions, and also some gold plates and cups, *thalees* and *katorahs*, as well as washing bowls, jugs, etc.

There is another room, where silver *thalees*, and *katorahs*, *rakabees*, *aterdan*, *golappas*, *nemokdan*, drinking glasses of silver, *gharras*, *lotas*, washing sets, and all other things for ordinary use are kept, the room measuring in length, 17 ft. 9 ins.; breadth, 15 ft. 6 ins.; and height, 13 ft. 9 ins.

These rooms are under lock, and the doors of the rooms having been bricked up, and no list being in existence of their contents, an idea of the value of the contents could not be given. Of the contents of the latter room an inventory was made, and they would come up to about 80,695 tolahs of silver, valued at *Rs.* 80,695.

There are four other rooms:

One of these has been lately fitted up since the estate came under the courts, and contains gold and silver ornaments and ornaments set with precious stones, gold ornaments and throne, etc., which would come up to about 10,142 tolahs, valued at *Rs.* 1,62,278 (at the rate of 16 rupees per tolah). The room is about 6 ft. 6 ins. in length; breadth, 12 ft. 9 ins.; and height, 12 ft. 3 ins.

The second and the third rooms (known as the under roker room, or reserve treasury), one being for the Zamindari property and another for Debutter, are the treasury where current collection of the estate is kept, as well as the Government securities and debentures. The size of the Zamindari treasury is, in length, 22 ft. 9 ins.; breadth, 12 ft. 9 ins.; height, 12 ft. 3 ins.; while that of the Debutter treasury is, length, 6 ft. 9 ins.; breadth, 15 ft.; and height, 12 ft. 3 ins.

The fourth room measures about 22 ft. 6 ins. in length; breadth, 15 ft.; and height, 12 ft. 3 ins.; where there are two large-sized vaults prepared for hoarding the current silver coin, and since the year 1267 B. C. some money was from time to time put in and taken out by the Maharajah Mahtab Chund Bahadoor for the expenses of emergent and extraordinary nature, such as the late Maharajah Aftab Chund Bahadoor's marriage, Lala Burr Kehari Kapur's marriage, and buying landed properties. When he died about one lakh was left in one of the vaults. In the time of Maharajah Aftab Chund Bahadoor that sum was taken out and placed at the reserve treasury, so there is no money in them now. There is one small vault in the room supposed to have contained some 9,990 or 10,000 gold mohurs of all descriptions, one kind known as *Foypoori*, another *Moorshidabadi*, and sovereigns, worth in all about *Rs.* 1,60,000. The accumulation of these coins was begun by the Maharajah Tage Chund Bahadoor, and continued up to the time of the Maharajah Mahtab Chund, who made this vault and kept them in it; this room has also been locked and the door is bricked up; this room is known as the *Kona Hawze*. All these above treasure rooms

are situated in the apartment known as "Raj Mohal," at present occupied by the Maharanee.

There is one toshakhana situated in another apartment; called "Rung Mohul," where ornaments belonging to different gods of the family are kept, and silver *Thalees*, *Sapaias*, etc., for the religious purpose, the value of which is not known, as the room has been kept locked and sealed.

Another room, called *Bara Hawze*, contains several vaults, and is situated in the apartment called *Jattrakhanda*, measuring about, length, 32 ft.; breadth, 25 ft.; and height, 12 ft. 9 ins. This room is locked and its doors bricked up, so that the amount of silver it contains, or even the number of vaults, is not known.

The amount known to have been drawn from these vaults during the times of the Maharajahs Mahtab Chund and Aftab Chund Bahadoors is about *Rs.* 23,00,000, and out of this sum about *Rs.* 10,75,000 has been invested in landed properties, *Rs.* 5,00,000 in Government securities and *Rs.* 2,00,000 in Himalayan railway debentures.

It is believed that these silver coins were hoarded by the Maharajah Tejchund Bahadoor, and his wife, Maharanee Komal Coomari Thacoranee, after him, year after year, beginning from 1211 Bengali era; that is, from the time when the putloni system was first introduced. According to the custom of the Burdwan Raj family, the custody of these valuables was left to the Maharanee for the time being; but the vaults were never opened except in the presence of the Maharajah.

When any sum was drawn out only some relations and trustworthy servants were admitted into the room and vault. Treasurers and dewans used to be present outside the room or apartment where the sum drawn was sent out, and female guards placed in the passage for the purpose of weighing, counting and bagging it before it was sent to the mint.

A part of the above-mentioned gold coins, and all the silver coins, bear as date the nineteenth year of Shâha Alum's reign. They were all coined at Moorshedebad.

Jewelry is also extensively hoarded. It is a favorite form of ornament to those who can afford to indulge in such a luxury, and dowries are often composed of it alone, and to be more or less costly according to the rank and caste of the family concerned. Hoards bring no interest to their owners, and they thus escape payment of income-tax, being ranged among the non-earning commodities while in a state of hoard.

Coined money, if of the current coinage, is a useful form of hoard when necessity impels its quitting the place of concealment. It is believed, says an Indian authority, that ten millions are treasured up in British sovereigns, mainly in the Bombay Presidency, where the coins, because they bear the impression of St. George and the dragon, appear to be valued on religious grounds. The native silver coin most hoarded is the sicca, or sikka, rupee, and the gold coin is the mohur.

The commonest or lowest kind of ornament is the bangle, or bracelet. Then there are brooches and torques, armlets, anklets, and such like. There is gold in lumps, such as cubes, and octahedrons as well. The gods of the country take up a large quantity of gold, silver and precious stones; for India is a religious country, and devotees are rife.

There are between 200,000 and 300,000 native bankers in India. There are also local money-lenders, resembling the gombeenmen in Ireland who lend to the peasantry. These local money-lenders advance on a petty scale to the ryots, but it is not always done in coin. A money-lender advances to a cultivator so much grain, and the understanding is that he is paid back in grain, with a certain addition, at harvest-time.

As to the question what influence it would have on the disposition to hoard if there were a currency common to India and the rest of the world, either by general bimetallism or by giving India a gold currency, Sir David Barbour said at the commission that he did not think it would have this effect to any material extent, because the hoarding depended on the disposition and habits of the people, and by introducing one form of currency rather than another you did not change the habits and dispositions of the people.

The British Government tried to draw out the hoards in 1882 by offering tempting rates for the money thus out of circulation, but no response came from the natives. It appears, however, that the recently-established savings banks have done something in the way of gathering in native deposit-money, for there were lately, according to Sir Richard Temple, no fewer than 6,151 savings bank institutions in India, with a balance of no less than 6,577,737 tens of rupees at deposit.

A good deal of capital, but how much is not known, has been invested in cotton mills and other mills in India, but Government securities have not been much cultivated by the natives from fear of their varying values. In the meantime, hoarding continues; and it may be mentioned that through the impetus given to trade at the time of the American War of Secession great additions were made to hoards at that period owing to the prosperity arrived at through increased cotton growing. The committee appointed to inquire into the Indian currency reported as to the probable effects of hoards on the silver question. They maintained that coined rupees, of which the hoards were said chiefly to consist, would be unaffected, except in so far as any further fall in their gold value would be prevented, but that the uncoined silver and ornaments would cease to be convertible into rupees, and would certainly be depreciated in value. As the transaction of converting silver ornaments or hoarded silver into money was not at the present time effected by the owner himself taking them or sending them to the mints for conversion into rupees, but through the intervention of the village money-lender, the committee said that it had been asserted that uncoined silver would still be converted into money in the same fashion. They said this was no doubt true, but that it was obvious the ornaments would not be converted on terms as favorable to the seller. They added that they thought it could not be doubted that the closing of the mints would in this case depreciate the silver ornaments and the uncoined silver hoarded by the people of India.

It remains to be seen how the closing of the mints to the free coinage of silver will be received by the conservative natives of India, and how far and in what direction it will affect the extensive hoarding which still prevails within the wide dominion of British India. It was stated before the Silver Commission by the financial Secretary of the Government of India that the absorption of gold and silver into India had been, in the last five years (1882–1886, both inclusive), 23,000,000 tens of rupees in each metal, including in the silver the coined silver, a great deal of which is for hoarding. This means that the imports of gold and silver still go to swell the hoarding, and thus pass in a great measure out of circulation.—*The London Bankers' Magazine.*

THE BEST BANKING.

The following paper was prepared by Mr. John M. C. Marble, president of the National Bank of California, at Los Angeles, for the World's Congress Auxiliary of the Columbian Exposition:

An experience of over thirty years with the National Banking System proves beyond a doubt that no banking system ever tried, in this or any other land, approaches it in all the elements that go to make a banking system worthy of the greatest people.

A system so thoroughly proven is entitled to such consideration as will not permit its being hastily set aside, to make way for chimerical and untried schemes of doubtful expediency. The study rather should be to improve what we have and know to be good.

The National is a system without monopoly, and the requirements so just that every hamlet, town or city can have as many such banks as they desire.

The National bank notes pass current everywhere. Their issues for thirty years have proved absolutely free from loss through times more trying financially than the country is ever again likely to experience, and the system can be easily perfected so that all their other obligations will prove just as reliable.

Before the advent of the National system a prime cause of panics and depressions was unreliable bank notes. At present, want of confidence in bank deposits is a leading factor in the distrust which causes panics. Remove this danger, a thing which the statistics of the past thirty years prove can be easily done, and it introduces a system as near perfection as anything mortal can be.

Through such banks the Government can borrow at home from its own people, and at any time whatever money it needs at two per cent. per annum or less. Without such institutions much of our borrowing will be done abroad on a basis of three per cent. per annum or more.

The persistent clamor of silver mine owners, whose aim has been to drive National bank currency out of use, and thus make room for silver notes in order to create a market for their products and force the people to take sixteen ounces of silver for one ounce of gold, and consider it equivalent when it is not; this, and the discrimination of the present National bank law against the great agricultural classes, not permitting them to use the best security they possess to secure loans from the National banks, has depopularized these splendid institutions, and well nigh driven them out of existence, to be superseded by untried and very doubtful expedients.

The National banks having proved successful under a suspension of gold payments, and also when on a specie basis, I have not deemed it necessary to introduce the question of the ratios of gold and silver in this paper.

The records of the Comptroller's office show that the National banks are principally owned by people of moderate means and in small holdings. Therefore any legislation to improve and maintain their usefulness will be in favor of the people, whether such important institutions are voted up or voted down, and not of the great capitalists who have the power and use it to protect themselves.

The changes that should be made to improve and perfect the National Banking System are:

FIRST: The authorization of real estate security, at least to the extent

that such security is now authorized for State commercial banks. This will largely do away with the prejudice of the farming classes against National banks. It is justice, and a safe proposition. No banks have been more uniformly successful than the State banks of California, which have never been restricted in that regard. The facts are, a first mortgage on a good farm, a good home, or other good real estate at a proper margin, can as quickly and as easily be realized on any day, whether due or not, as the usual personal or collateral obligations. It is a peculiar feature of the law that nothing is prohibited as security for bank loans, not even cats and dogs, but the one thing, real estate, and this latter the best thing the earth has to base security on. The result of such legislation is to give chattel property and personal security a monopoly of National bank loans, thus augmenting speculation and failures.

SECOND: The law should authorize the issue of National bank notes to the par of United States bonds, that is—

A bank depositing United States bonds	$100,000.00
And gold with the United States Treasury as a redemption fund	5,000.00
Such fund to be always maintained in full, making	$105,000.00

should be entitled to receive $100,000.00 National currency for circulation.

All schemes to issue National currency without security, or with other than United States bonds, can well wait until the Government debt is more largely reduced.

THIRD: The tax on circulation of one per cent. per annum should be maintained. From such revenue pay first all expenses of the Comptroller of Currency's office incidental to National banks, and set aside the remainder as a reserve or safety fund to liquidate deposits and other obligations of National banks hereafter failing. The experience of the past thirty years proves that this provision would be more than ample to pay all obligations of National banks during that term, thus insuring these depositories of the people being as reliable under every circumstance as the National currency itself.

FOURTH: Authorize the Treasurer of the United States to buy the long time and high rate interest obligations of the Government, and substitute for them bonds, payable at pleasure, of Government, bearing two per cent. interest, whenever such substitutions can be made with actual profit to the Government.

FIFTH: Prohibit National banks from paying interest on deposits, or, if permitted, let it be only on request of Clearing House Association in nearest redemption city, specifying maximum rate and terms which must be publicly posted and approved by the Comptroller of the Currency, making severe penalties for any evasions of the law.

The changes herein suggested in the law will enhance the usefulness of the National bank, will add stability to the public credit, and insure to the Government the ability to always borrow at home all the money it may need at a rate not greater than two per cent. per annum, and do more than aught else to prevent panics and depressions.

THE "BANCHE POPOLARI" OF ITALY.

[CONTINUED.]

That was not the only instance given of happy resource. Whatever demands arose, by some new and ingenious device Signor Luzzatti and his friends knew how to meet them. For long borrowing they invented the interest-bearing bonds for fixed terms (*buoni fruttiferi a scadenza fissa*); for long lending, which the requirements of agriculture rendered imperative—a sore *crux* it was to Italian financiers—the *cartelle agrarie*. Both these things have become established institutions. No doubt all this skill and resource stands for a great deal in the success achieved.

But the main support upon which Signor Luzzatti designed to rely in his "capitalization of honesty" were the very simple ones of careful discrimination in the selection of members, which should constitute the mere act of election a pledge of the member's trustworthiness; and, moreover, full publicity—a regular, frequent and frank publication of balance sheets, capital account, etc., relating to each bank. "The best and safest guarantee of prosperity," Signor Luzzatti himself says, "is the moral worth of the member. The very life of co-operation is bound up with the moral worth of members, and the more it is assured by strict (*austere*) guarantees, the more readily will money flow into our banks." He would not shrink from expelling unworthy members. And hence *la grande riputazione di onestà e di solidità*, which to-day places the banche popolari abreast of the best banking institutions. On the free and full publication of all details affecting the position of a bank the "father" of Italian co-operative credit lays equal stress, holding it more imperative, the younger is the bank in question, and the greater accordingly is its need for making good its position. Its balance sheet is to serve as its brief of trustworthiness. Of what publicity will accomplish, when coupled with strict discipline, the experience of the little Bank of Montelupo (Florence) furnishes in a small way a noteworthy illustration. The place in which it set up its counter is a sort of rural Whitechapel, with a poor population earning a bare livelihood mainly as *stovighi*, that is, makers of the cheapest kind of lucifer matches. Of these poor folk 375 started a banca with ten-lire shares, to be paid up in ten months. Accordingly they began with but £15 between them and never got beyond £150 of share capital, even at the end of the year. Notwithstanding this, with the help of their *riputazione*, and of publicity, in the very first year they managed to attract £1,120 of deposits and to lend out £1,240 in loans, netting a profit of more than £120, which nearly repaid the shares. Of late, in the matter of publicity the Italian Government has come materially to Signor Luzzatti's assistance, requiring from every bank, co-operative or otherwise, a monthly return of its transactions, which is promptly published in the official *Bollettino*. The statistics so collected would be more valuable did time admit of their being summarized. For a private person to undertake this, seems almost an Herculean labor. But as a clue to the position of any particular bank the monthly bulletins are perfect. Besides the *Bollettino*, according to the statute, every year a summarized *Statistica* ought to be issued. But the Ministry of Agriculture and Commerce, which attends to these matters, has at the present moment not got beyond the publication of the returns for 1889.

With such simple means as those indicated have Signor Luzzatti and

his lieutenants, Signori Pedroni, Mangili, Manfredi, Cavalieri, Concini, Levi, etc., in comparatively brief time built up a fabric which in the words of M. Durand may well be regarded as "the envy of Europe"—a fabric, which, as a financial power, ranks side by side with the Rothschilds; which does a full third of its own country's banking; and which through its thousands of channels dispenses annually a stream of millions, trickling down to the very spots on which help is most needed, and bringing forth prosperity in trade and agriculture, planting comfort in myriads of homes, and feeding, by the enlarged market which it supplies, the commerce and industries of Italy. The whole thing seems miraculous, and at the outset one would have believed anything rather than that it could have been accomplished.

As an encourager of thrift there could not be a more effective agency. For Signor Luzzatti insists that every banca should be also a savings bank; and in this capacity the banche have become the favorite savings banks of all in their country—not because, as Mr. Hodgson Pratt suggests in his lecture delivered in 1887, they allow a higher rate of interest (one-half per cent. more) than the public savings banks. The official return published shows the rate of interest to vary considerably in individual banks, descending as low as two-and-a-half per cent. (which is below public savings bank rate), and rising in some instances as high as six-and-a-half per cent. The reason why the banca popolare savings bank is the general favorite seems to be, that it is the local people's *own*. What with the Post Office Savings Banks spread out all over Italy, protected by an impost of one-and-a-half per cent. levied in their favor on other savings banks,* and some 400 communal and private savings banks in addition, all thriving and doing well, one would have thought that the ground must be pretty well occupied. However, wherever the banche popolari have set up their offices, their local savings bank has become one of their most appreciated features, and in 1889 they held collectively 210,835,573 lire (£8,433,424) of savings money in their tills. The Banca Popolare of Milan alone in 1890 held 35,500,000 lire. The little banca of Lonigo, which from being a *succursale* of Vicenza in 1877 set up as an independent little establishment, with a capital of 150,000 lire (£6,000), held in 1890 1,522,728 lire of savings banks deposits, in addition to 1,213,706 lire of other deposits (practically also savings) and 366,677 lire balances on current accounts. "*Voilà plus de* 3,000,000 *lire d' épargne constituée goutte à goutte,*" remarks M. Rostand. And he goes on to explain:—"The local Post Office Savings Bank has few customers; as happens everywhere where the initiative is strong, these intelligent workers prefer independent private action to the action of the State, and understand the advantage which they derive from carrying their money to a place from which it will return to them as a fertilizing dew in the shape of loans or the discounting of bills." That is one main element of their success. The small folk understand—like their co-operative brethren in China—that their money remains with them, to benefit the district. "But for that institution," Sir J. S. Lumley quotes Signor Luzzatti as saying, "the whole of the savings of Lombardy would be concentrated at Milan, and the blessings of commercial and agricultural credit would be unknown, not merely in small places, but even in large towns such as Bergamo, Brescia, Cremona, Pavia, Lodi, etc., where the savings deposited in savings banks amount to millions of francs." The banche are antagonistic to monetary "wens," they localize and decentralize. Another fact which will help to account for their success is, that at the option of the depositor they issue small *livrets*

* It is this which prevents the banche popolari from taking half-penny deposits.

(savings bank books) either by name or to bearer. Alike to banks and to depositors the latter form is by far the most convenient, and hence more than nine-tenths of the books issued are made payable in that way.

However favorable circumstances might in the course of practice turn out to be, in 1863 and 1864, when Signor Luzzatti entered upon his crusade against usury, he found himself face to face with a task of no little difficulty. He had his "plan of campaign" ready. But his army for fighting it had still to be enlisted. He cannot have been in a better position for beginning operations in Italy than would be an apostle of his economic gospel in England at the present day. There were but very few who believed in his "chimera." The very friends who consented to join him were skeptical, and contributed their small subscriptions rather "to oblige their friend," or "as one engages in a doubtful charity," than with any faith in the scheme. Like Schulze in Germany, he felt himself hampered with a socialist Lassalle, one Boldrini, perpetually crossing his way and acting the Shimei by him. However, Boldrini had no Bismarck to back him up, and so his opposition came to a speedy collapse. A more serious hindrance was the backward state of the Italian law, which recognized no societies with unlimited capital, such as co-operative associations must needs be. Until 1883 the banche were compelled to sail—innocently enough—under false colors, styling themselves joint-stock companies, and altering their "limited" capital from year to year in order to comply with the law. That helps to explain the comparatively slow progress made up to the date named.

In spite of all these hindrances Signor Luzzatti—after a little co-operative experiment made in connection with a friendly society at Lodi in 1864—late in 1865 decided upon starting his first People's Bank in Milan. And on the 25th of May, 1866, he opened the doors of his modest little establishment in a small hired room. It was a puny little affair. The bank had but £28 for its capital—oddly enough, precisely the same sum with which our Rochdale Pioneers entered upon an economic reform destined to revolutionize commerce. "*Moi, je souscrivis* 100 *lire, j'etais le millionnaire de la bande.*" Of course they could employ no paid clerks or officers. All work must be gratuitous. But there was a good will at the back of the enterprise. "Half my heart," long after said Signor Luzzatti himself, "is wrapt up in the People's Bank of Milan." The face of things is changed indeed since then. Now this same bank is one of the marvels of Italy. It is lodged in a palace. It employs, in addition to 130 or 140 unpaid officers, about 100 clerks. In 1889 its members' roll stood at 16,392. It has grown since. Its paid-up capital amounted in May last to 8,418,850 lire (£336,752), held in 165,906 shares; its reserve to 4,209,425 lire (£168,376). In addition to 57,853,890 lire of ordinary deposits it held 35,092,290 lire of savings. In 1889 it had lent out 115,040,439 lire (£4,601,616) in 162,789 loans—129,401 being for less than £40, 13,349 for less than £4, many for as little as 8s. Its gross profits ran up to 4,320,505 lire. On a total turn-over of 1,796,044,724 lire (£71,841,788) it had lost only 65,196 lire (£2,608); it had paid 118,200 lire in salaries, devoted 10,000 lire to charitable objects, and distributed among its shareholders dividends to the amount of 1,152,028 lire (£46,080), at the rate of 14 per cent. This was by no means an exceptionally favorable year. The figures for 1888 and 1890 show in some respects considerably better. In 1888 the dividend was 15.20 per cent. The provident *caisse* (organized on the de Courcy system) for the benefit of the employes in 1890 mounted up to 364,017 lire. The bank was in correspondence with 320 other People's Banks, doing business with them to the amount of 223,000,000 lire. And its organization forms an

object of admiration to the most experienced bankers. As long ago as 1874 the *Journal des Débats* described it as "the most perfect type of an Italian society of credit for the people." "*La comptabilité,*" says M. Rostand, "*l' escompte, les prêts aux associés, les reports, l'émission des chèques, les avances sur titres, les prêts hypothécaires, les comptes courrants, les dépôts a épargne à 3 pour cent. et de petit épargne à 3½ pour cent. (livrets au porteur), la trésorerie et ses sept grands coffres à trois clés, le bureau d'admission des sociétaires, les cassettes aux cases de fer pour depôt de titre d'argent, de bijoux* (893 *cases)—toute cette organisation est remarquable comme ordre, ingeniosite, perfectionnement technique.*" What millions of money dispensed to those who could not by other means have obtained any does the twenty-seven years' work of that bank represent! And, really, that is the smallest portion of the service which it has rendered. "By its influence on legislation," says M. Rostand, "and by the model which it has supplied, the Banca Popolare di Milano has laid in Italy the foundation of co-operative credit." Of those hundreds of banks which dot the Italian territory from the Alps to the Mediterranean, says M. Léon Say, the People's Bank of Milan is either the mother or the nurse. "*La Banque Populaire magistrale de Milan et les grandes caisses d'epargne de Milan et de Bologne dominent, de la hauteur de leurs dizaines ou centaines de millions, tout le peuple de ces petites banques avec leures petites caisses d'epargne qui se meuvent dans leurs orbits et puisent les epargnes partout pour vivifier partout l'agriculture et les petites industries.*" That little stroke of luck with the *buoni di cassa* had carried the Banca at once into favor and so helped to plane the way for further success and for the success of other banks. In its subsequent career it had several severe crises to weather. However, the good fairy which had befriended it at its birth stood by it all through. In no experience do the merits of co-operative banks show themselves more brilliantly than in their capacity to live through crises. Every crisis that has visited Italy has left far less impression upon the People's Banks than upon their non-co-operative rivals. During the last serious commercial disturbance the Banca Cooperativa Operaia of Milan actually went on increasing its roll of members from 4,268 to 4,929, its share-capital from 58,547 to 63,856 lire, its available funds from 2,927,350 to 3,192,800 lire. The Banca Popolare in the first fifteen years of its existence, up to 1880 (inclusive), lost in all only 191,636 lire (£7,664), of which 68,567 lire was owing to frauds committed by employes, and 3,606 lire to support unwisely given to a co-operative printing establishment. And since that date the bank's losses have remained as trifling. The greatest danger which the bank ever had to face arose, not from a crisis, nor from outside pressure, but from its own midst. In the years from 1871 to 1873, when the promotion fever was raging throughout the world, and in Italy took the shape of what Signor Mangili calls *bancomania*, the shareholders grew greedy, and clamored for the conversion of their bank into a joint-stock concern, in order that they might through it engage in speculation. The committee offered a stout resistance and just managed to carry their point. Their constituents grumbled, but have lived to thank them for their firmness. Summing up the history of the bank, Signor Mangili ascribes its success—to the gratuitous rendering of services by the officers, the non-limitation of its capital, the smallness of the payments exacted, the restriction of each member to one vote, the refusal of confidence to any member who has shown himself undeserving of it, the preference given to credit services over profit, and the exclusion of any hazardous operation.—*Henry W. Wolff in People's Banks.*

[TO BE CONTINUED.]

BANKING AND FINANCIAL ITEMS.

General.

We invite attention to the July edition of the Banker's Almanac and Register, which, with the supplements of August and September, gives a complete Bank List to date. Price, with the two supplements, $4. Homans Publishing Co., 233 Broadway, N. Y.

The American Bankers' Association has issued a circular to the bankers of the country stating that, in view of the extraordinary monetary crisis through which the United States is now passing, the annual convention called to meet in Chicago the 6th and 7th of September will be indefinitely postponed, as the presence of the bankers is imperatively required at their posts of duty.

The World's Money Supply.—Acting Director of the Mint Preston has prepared a table of the monetary systems and approximate stocks of money in the aggregate and per capita in the principal countries of the world. This table shows that the aggregate stock of gold is $3,582,605,000; the aggregate stock of silver is $4,042,700,000, and the aggregate uncovered paper is $2,635,873,000. The stock of gold possessed by the principal countries is given as follows: United States, $604,000,000; Great Britain, $550,000,000; France, $800,000,000; Germany, $600,000,000; Russia, $250,000,000. The silver stock of these countries is given as follows: United States, $615,000,000; Great Britain, $100,000,000; France, $700,000,000; Germany, $211,000,000; Russia, $60,000,000. This stock of silver is divided by Mr. Preston into full tender and limited tender. The United States has $538,000,000 full tender and $77,000,000 limited tender; Great Britain, no silver full tender, $100,000,000 limited tender; France, $650,000,000 full tender, $50,000,000 limited tender; Germany, $103,000,000 full tender and $108,000,000 limited tender, and Russia, $22,000,000 full tender and $38,000,000 limited tender. The ratio prevailing in nearly all the principal countries between gold and legal tender silver is 1 to 15½. This is the ratio in France, Belgium, Italy, Spain, Netherlands, Russia, Central and South America. The ratio between gold and limited silver is as a rule 1 to 14.38. The respective ratios in the United States are 1 to 15.98 and 1 to 14.95. The various monetary systems as divided among the several countries are as follows: Gold and silver—United States, France, Belgium, Italy, Switzerland, Greece, Spain, Netherlands, Turkey and Japan. Gold—United Kingdom, Germany, Portugal, Austria, Scandanavian Union, Australia, Egypt, Canada and Cuba. Silver—Russia, Mexico, Central and South America and India. Of the uncovered money South America has $600,000,000; Russia, $500,000,000; the United States, $412,000,000; Austria, $260,000,000; Italy, $113,000,000; Germany, $107,000,000; France, $81,000,000, and Great Britain, $50,000,000. The per capita circulation of gold is: United States, $9.01; United Kingdom, $14.47; France, $20.52; Germany, $12.12; Russia, $2.21. The per capita of all classes of money is: France, $40.56; Cuba, $31.00; Netherlands, $28.88; Australia, $26.75; Belgium, $25.33; United States, $24.34; United Kingdom, $13.42, and Russia, $7.16.

Bank Notes.—A new principle has been suggested in the manufacture of bank notes. If a sheet of paper be plunged into a mixture of various coloring matters, each color will penetrate into every fibre with a different degree of speed, and the paper will present a streaked appearance, each brand having a distinct color. It would be impossible to imitate these effects without an exact knowledge of how the mixture of colors was made. If a drop of the mixture of colors be allowed to fall on a sheet of paper, a number of rings, each having a determined size and shade, will be developed, and thus imitation will be rendered even more difficult.

A County Clearing House.—The Bankers' Association of Cattaraugus have completed their organization and elected the following officers: E. B. Vreeland, president; C. A. Case, vice-president; W. H. Bard, secretary and treasurer; J. D. Case and C. P. Adams, executive committee. The object of the association is for

their protection and the protection of the people of their county, giving the banks of the county nearly the same benefits as the Clearing House does to the banks of the cities. This is the first county outside of the cities to form an association of this kind, and by this association any bank in the county that is in good standing can, in case of need, get from the other banks, members of the association, $150,000 on one day's notice, and more if needed. The cash capital of the banks is $630,000, and their cash on hand and with reserve banks is over $800,000. The banking interests of Cattaraugus County are increasing and growing and in keeping with the prosperity of the county.

THE PURCHASE OF SILVER.—In response to a resolution of inquiry on the subject of silver purchases under the act of 1890, Secretary Carlisle sent to the House of Representatives a letter setting forth the following facts: From August 13, 1890, to August 16, 1893, the department purchased 161,521,000 fine ounces, costing $150,669,450. The highest price paid was $1.20¼ an ounce, on August 20, 1890; the lowest, 69.6 cents an ounce, on July 24, 1893. Treasury notes to the amount of $150,115,985 have been issued in payment of silver bullion, of which $714,636 have been redeemed in standard silver dollars and retired since August 3, 1893. Up to August 1, 1893, $49,184,160 Treasury notes have been redeemed in gold. Thirty-six million eighty-seven thousand one hundred and eighty-five standard dollars have been coined from bullion purchased under the act of 1890. On the 14th ult. the Government owned of silver purchased under the act of 1890, 133,161,375 ounces, costing $121,217,677.

EASTERN STATES.

NEW BEDFORD, MASS.—The Mechanics' National Bank is to increase its circulation to $30,000, and the Citizens' National Bank will increase its circulation to $80,000. The First National Bank has increased its circulation to an amount that has brought to this city $72,000 in currency.

TAUNTON, MASS.—The directors of the Taunton National Bank have voted to increase the circulation of the bank $90,000. This requires a deposit with the United States Treasurer of $100,000.

LEBANON, N. H.—The directors of the Lebanon National Bank have voted to increase their bank note circulation from $25,000 to $100,000.

BUFFALO, N. Y.—One of Buffalo's oldest and most respected citizens died last month. Warren Bryant's residence in this city dates from the twenty-first year of his life, and covers the entire period of Buffalo's existence as an incorporated city. His business relations to the community have always been of value and successful in every respect. He had continuous and most active connection with the banking institutions of the city. During the entire history of the Buffalo Savings Bank he has been one of its officers, being its president for the last twenty-nine years. Mr. Bryant has always had active interest in the public institutions, having the advancement of the people in view. The library, historical and Christian associations had in him a firm friend and supporter. Every year of his long life increased the esteem and appreciation in which he was held by his fellow-citizens.

HONESDALE, N. Y.—The Honesdale National Bank is about to increase its capital stock $100,000, and will increase its circulation to the limit authorized by such increase of stock.—*Citizen.*

BUFFALO.—At a meeting of directors of the Queen City Bank, held at the banking rooms, the following officers were elected: F. C. M. Lautz, president; J. N. Adam, vice-president; Wm. F. Creed, second vice-president and manager; D. C. Ralph, cashier. It was further resolved to reopen the Queen City Bank for the transaction of business on the 31st day of August, 1893. The officers and directors feel very much encouraged as to the future prosperity of the bank. The president, Mr. F. C. M. Lautz, whose long business career in Buffalo is so well and favorably known to the public, that the fact that he has accepted the presidency is of itself sufficient to inspire confidence in the new management. Mr. J. N. Adam, the vice-president, is one of Buffalo's best known and successful merchants. Mr. William F. Creed, the second vice-president and manager, coming as he does new to Buffalo, brings with him a tested experience as a banker gained by a service extending over twenty-five years, during which time he has been connected with

banks both as an officer and latterly as chief examiner for the State of New York in charge of the New York and Brooklyn department, and having just resigned the position of deputy superintendent of banks of the State of New York to assume the duties in connection with the management of the Queen City Bank. Mr. D. C. Ralph, the cashier, is already well known to the public of Buffalo, having been for many years assistant cashier of a neighboring bank, and a man of strict integrity. The board of directors comprises many of Buffalo's best known business men, as follows: J. N. Adam C. M. Farrar. F. M. Inglehart, W. H. Johnson, F. C. M. Lautz, J. I. Prentiss, Walter G. Robbins, S. S. Spencer, Hiram Waltz, E. C. Warner, Nathan Wolff.

PITTSBURGH, PA.—The failure of a woman to deposit $4,000 in a Pittsburgh bank calls attention to the unique methods of the greatest financial institution in Pittsburgh. The Dollar Savings Bank has assets to the amount of $15,625,000, including $3,250,000 in U. S. Government bonds and probably holds the key to the financial situation in Pittsburgh, for it deposits money in eight other banks here. A woman had $5,000 deposited in the Dollar Bank. It was the hard earned accumulations of a lifetime. The money stringency alarmed her, and she gave the customary notice of withdrawal In course of time she got her money, but it took but a few days to convince her that she had made a mistake, that the Dollar Bank was the safest hiding place after all, and she decided to return it. Approaching the receiving teller's desk the woman handed over $5,000 in bills. and said she wanted to reopen her account. The teller carefully counted out $1,000 and returned the balance to her. "I want to deposit it all, sir," she said. "It will take you five years to do it," replied the clerk. He then proceeded to explain to the astonished woman that the rules of the unique concern of which he is a part do not permit of the deposit by one person during one year of more than $1,000; that the Dollar Bank was not organized for the benefit of business people, but as a safe place of deposit for the working classes, and that it was not intended that capitalists should be permitted to deposit large sums of money upon which they were practically certain to be paid four per cent. interest. The Dollar Savings Bank was organized thirty-five years ago as a public benefactor. Its early business was on an exceedingly modest scale. It has a perpetual charter from the State, and no stockholders. The depositors are the sole owners of the bank. Should the institution wind up its business to-morrow, each depositor would receive his pro rata share of the proceeds, and it would greatly exceed the amount placed to his credit on his bank book The bank has over 26,000 depositors, many of them missing for years, the triennial advertisement of unclaimed sums filling several columns of the daily newspapers and constantly on the increase. The total sum is enormous.

READING, PA.—A new front of Berks County brown sandstone will be put in the Keystone National Bank. There will be two windows each ten feet high and seven feet four inches wide, and a door of antique oak on the western side. The hallway to the private residence will be removed and the floor lowered to that of the bank. The vestibule will be five feet square. Heavy wrought iron grills will be placed in front of the windows.

PHILADELPHIA.—The Bank of North America is the oldest banking institution in the United States and was authorized by resolution of the Continental Congress over 112 years ago. It fills a conspicuous position in the history of the United States, having aided the country in a financial manner in the hour of need when war clouds threatened its destruction more than once. In 1780, after Washington had reported his army upon the verge of mutiny because of a lack of supplies, and public credit was so low that the necessary funds could not be secured, Thomas Paine, the clerk of the Pennsylvania Assembly, suggested a subscription and opened it with a check for $500. Blair McClenaghan and Robert Morris responded at once with £200 each, and this formed the nucleus of what was afterwards known as the Bank of Pennsylvania, established by subscriptions of ninety-three individuals and firms of this city, the amount contributed being £300,000. The object was to support the credit of a bank to be established for the purpose of furnishing a supply of provisions to the armies of the United States. At the meeting of Congress in June, 1780, a resolution accepting the offer of the contributors and pledging the faith of the Government to return the full amount was

adopted. In 1781 Congress adopted a resolution approving the plan for the bank submitted by Robert Morris, and on December 31 following granted the institution a perpetual charter, with capital limited to 10,000,000 Spanish silver dollars. The bank was organized on November 2, 1781, the first directors being James Wilson, Thomas Willing, Thomas Fitzsimmons, Samuel Osgood, John M. Nesbett, Andrew Caldwell, Henry Hill, Samuel Meredith, Cadwallader Morris, William Bingham and Timothy Matlack, Willing being selected as the first president. The bank was opened for business on January 7, 1782, and the Bank of Pennsylvania, being composed of the same stockholders, went out of existence. The dividends of the bank from 1792 to the present time have averaged over eleven per cent. For the present year its officers are as follows: President, John H. Michener; board of directors, Israel Morris, William G. Audenreid, Lemuel Coffin, George W. Fiss, Clement A. Griscom, William Simpson, Jr., Theodore C. Search, Richard H. Downing, Samuel B. Brown, William D. Winsor and Robert K. McNeely.

NEWPORT, R. I.—A block of the capital stock of the Newport National Bank has been sold at $106.50 per share.

ST. JOHNSBURY, VT.—Charles W. King died at his home at Lunenburgh. He was one of the leading men of Essex County and held various town offices. He represented his town in the Legislature in 1874 and served in the State Senate in 1876 and 1878. He was treasurer of the Brown Lumber Company of Whitefield, N. H., vice-president of the First National Bank of St. Johnsbury, an active member of the Congregational church and a man of sterling business integrity.

WESTERN STATES.

HOMANS "BANKER'S ALMANAC AND REGISTER," the July edition, "its forty-third annual," with supplements for August and September, makes a complete Bank List to date. This work is a carefully prepared and verified directory of the banks and bankers of the United States and Canada—includes also foreign banks and bankers. No well managed bank can afford to be without a work of this kind, and it pays to have the most reliable. Price $4 per copy, with the two supplements. Homans Publishing Co., 233 Broadway, N. Y.

OHIO.—There is at least one State in the Union where wildcat currency is not likely to be revived, even if a willing Congress and President should repeal the salutary tax on State bank notes. The constitution adopted by the State of Ohio about forty years ago contains a clause declaring that thereafter no banks of issue should be authorized in that State. That provision stands to-day. State bank notes can only be issued after the State Constitution has been amended.

MADISON, WIS.—The State board of deposits has decided to locate no more depositories at the present time, and action on all applications has been postponed indefinitely. Many applications have been made of late to secure some of the State's funds, but no more banks will be declared State depositories until it becomes necessary. The board has passed a resolution compelling the State depositories to furnish new bonds yearly. Heretofore one bond was sufficient, and the same held good until canceled by the State. In view of the fact that matters are often complicated by the death of bondsmen it was deemed advisable to call for new bonds every year.

MILWAUKEE, WIS.—George Smith, the founder of the Wisconsin Marine & Fire Insurance Company Bank of this city, still lives in London, and the recent failure of the great bank which he started has served to call attention to one who is now only remembered by the older residents. Fifty years ago he was the acknowledged head and front of banking in the West. A writer in the *Chicago Evening Post* recalls the story of his life and business successes in Chicago and Milwaukee. Mr. Smith left Chicago in 1858, after having amassed a fortune of $10,000,000, which he has since added to enormously, and is now, at the age of nearly ninety, held to be worth anywhere from $30,000,000 to $40,000,000. He returned to America two or three times during the three years subsequent to his retirement from business in Chicago, his last visit being in 1861. For thirty-two years he has not set foot in America, though the great bulk of his vast fortune is invested in this country, principally in the bonds and stocks of the St. Paul, North-

western and Rock Island Railroad Companies. The active management of his business is vested in Peter Geddes, for several years a clerk in the banking house of George Smith & Co., on what was then Wells street, Chicago, but is now Fifth avenue, near South Water. Geddes lives in New York, though he puts in several months of each year personally inspecting the properties in which the millions of his principal are invested, and he is a director in two of the great Western trunk line systems—St. Paul and Rock Island—by reason of the extent of George Smith's holdings.

MILWAUKEE, WIS.—The Wisconsin Marine and Fire Insurance Company Bank is the oldest bank in the West, having been chartered by the territorial legislature of Wisconsin in 1839. The panic of 1837 had wrecked every bank in the Northwest, and there was no currency wherewith to transact what little business still survived. George Smith, a young Scotchman from Aberdeen, seeing the great need of a circulating medium, and knowing the proverb "that a coach-and-four can be driven through any act of parliament," got a charter through the Legislature of Wisconsin organizing the Wisconsin Marine and Fire Insurance Company, which was empowered not only to effect insurance, but also to lend money and receive deposits. At the same time it was stipulated that it must not do a banking business. Mr. Smith sent to Scotland for young Alex. Mitchell, and the new insurance company opened its office in the spring of 1839. It did some insurance, but not much. It did, however, issue certificates of deposit, payable to bearer, for $1 and upward, which passed from hand to hand as currency all over the West. Abraham Lincoln was perhaps more than once made happy when a young man by paying a $5 bill in his pocket of the old Wisconsin Marine. At one time there was about $1,500,000 of these certificates out, but they were always promptly redeemed in coin when presented, although the only security behind them was the honesty of George Smith and Alexander Mitchell. About $27,000 of the issue never came in, owing to the victims of fire, flood etc. In 1844 the Legislature of Wisconsin repealed this charter. Mr. Mitchell maintained that their charter could not be repealed, but that they could be reached only by a *quo warranto*, if they were acting illegally. Accordingly he issued a manifesto which, among other things, said: "The recent action of the Legislature will not affect our rights or interrupt our business; our notes will continue to be redeemed as heretofore in Milwaukee, Chicago, Galena, St. Louis, Detroit and Cincinnati." The bank's business went on as usual. When the State banking law was passed it still showed a fear of large banks by limiting the amount of capital which any Wisconsin bank should have to $500,000. A few years later Mr. Mitchell bought out Mr. Smith's interest. The Wisconsin Marine and Fire Insurance Company Bank reorganized as a State bank in 1853, with a capital of $500,000, the highest permitted. David Ferguson entered the bank in 1840 and John Johnston in 1856. On the death of Alexander Mitchell in 1887 he bequeathed one-third of the bank to each of them, and the management of the bank has been in their charge since. One-third was bequeathed to his son, John L. Mitchell, who was elected to fill his father's place as president. John L. Mitchell became president of the bank, David Ferguson vice-president, and John Johnston cashier. More recently Robert L. Jennings was appointed assistant cashier. John Johnston ceased to be actively connected with the management of the bank on the first of the year. John P. Murphy, formerly cashier of the Plankinton Bank, succeeded Mr. Johnston as cashier. Two or three months ago Washington Becker, who is a brother-in-law of John L. Mitchell, purchased an interest in the bank. The position of second vice-president was created at that time, and Mr. Becker was elected to fill it.

SOUTHERN STATES.

MORTGAGE INDEBTEDNESS OF THE SOUTH.—The Galveston *Daily News*, in reviewing the figures of mortgage indebtedness of various States, as given by the Census Bureau, says the three Southern States included Alabama, Arkansas and Tennessee, show that their mortgage debt per capita is far less than the other States included. Arkansas has not been so progressive a State as Kansas, but her people are in much better financial condition. If Arkansas had mortgaged her farms up to $170 per capita instead of $13, she would have bounded forward at a rapid rate too; but it is more than probable that her people would have recoiled

under the heavy burden and raised trouble just like the Kansans are raising now. The people of the South, as a rule, think long and well before they mortgage their land. They have an intense dread of mortgages, and only resort to them when it is necessary. In Texas the law protects the homesteads from mortgages or other liens, except for purchase money or improvements. The people of the North and West have not been so conservative in this respect. They have gone in debt heavily for comforts and conveniences that the Southern people as a class have denied themselves of rather than go in debt for them. Another point in favor of the Southern States is that their natural resources remain almost intact. Coal, iron, timber and stone exist in almost inexhaustible quantities, and these form a reserve of wealth that the Census Office cannot begin to compute.

ATLANTA, GA.—There has been a considerable change in the system of running the Clearing House of the Atlanta banks. As is well known to the bankers and business men of the city, the plan heretofore adopted and operated was to have the clearing work done at all the banks in the Clearing House Association from week to week. One bank would be the place for doing this work one week and another the next week, and another the next, and so on down the list of the banks composing the Atlanta Clearing House. The change that has been made will take effect at once. It is now proposed to have a permanent location for the Clearing House—an office of its own. Mr. Darwin G. Jones, a well-known business man of many qualifications has been placed in charge of the affairs of the Clearing House as manager of the concern. His duties will be the same as the duties have been of alternating managers under the old management. He will have under his care the work of keeping the banks straight with each other from day to day through the Clearing House. This step was taken by the bankers at the last meeting of the Clearing House, when it was decided to issue Clearing House certificates for daily settlements between the banks. Of course, this could hardly be manipulated well under the old system of changing from week to week the place of business of the Clearing House and changing managers. Mr. Jones will be the permanent manager of the Clearing House, and will have in hand the work of issuing the certificates. He is an experienced business man. He has had a thorough training in the banking business, being for a long time an active bank official in the city. He has since that time been in different lines of business and is thoroughly equipped with both experience and talent for the high position of trust and responsibility to which he has recently been elected.

MACON, GA.—The following is the copy of a circular letter which has been sent by all the banks to their customers and which was adopted at a meeting of the bankers forming the Macon Clearing House: "We, the undersigned banks composing the Clearing House of Macon, adopt the following schedule of prices which we propose to charge for cost of collection on all checks and drafts drawn on points outside of Macon which may be deposited over our counters as cash, the said schedule to go into effect August 14, 1893. And we hereby faithfully pledge ourselves to follow said schedule after that date in all our transactions with our customers: On all points in Georgia except Savannah, 10 cents for each item of $100 and under will be charged, and 1-10 of 1 per cent. will be charged for all amounts over $100. On all points outside the State, except New York, 25 cents for each item of $100 or under, and ¼ of 1 per cent. on sums over $100 will be charged. First National Bank, I. C. Plant's Son, Central Georgia Bank, Exchange Bank, Macon Savings Bank, Merchants' Bank, American National Bank, Union Savings Bank and Trust Company." Macon bankers say that banks in other cities make similar charges, and that they have found it necessary to do the same thing owing to the expense and time incurred in making collections from other banks. Some of the business men are rather inclined to kick on the rule, but the majority of them are satisfied that the banks did not take the step until it was found to be necessary.

NEW ORLEANS.—The Citizens' Bank is erecting a new banking office. The *Picayune* says: "Although the work has progressed only to a small extent, there has already been much of interest to attract the eye of the practiced builder. The building is located on Toulouse, between Chartres and Royal streets, and is somewhat retired from the street. It is of the massive order, and was built in the highest style of the art, so solid and massive that the work of demolition is a task

indeed. The six heavy columns in front are three feet in diameter. None of the walls are less than three feet in thickness, and in a number of places the wall is four feet wide. The long flight of stairs leading to the portico, and the portico itself, are of white marble, Italian every inch of it, and must have cost $10,000. The front doors are immense affairs of iron, trimmed and decorated with brass exquisitely carved. The front window frames and the shutters are also of iron. The floor is ten feet from the ground and was laid upon solid arches of masonry which could stand forever. There is scarcely a stick of wood in the entire edifice, and the only part which gave way was the roof. Years back the bank was rented to Colonel Rivers, the host of the St. Charles Hotel, to be used as a store room and repair shop, and he had the roof covered with tin, but even that was worn away and the structure leaks badly, the laborers finding a great deal of water in the hall which was once the main apartment of the institution. There was no sign of a deposit vault anywhere. The magnificent front is being torn away first, and after that the side walls will yield to the change which comes with time and will tell their secrets to the earth, to which all dust in the end returns. The Citizens' Bank was a wonderful building with a wonderful history. It was considered a magnificent edifice in its day. It was begun in 1836 and finished in 1838, in accordance with the plans of Messrs. Depouilly, famous architects of that time. The cost of construction was $140,000, but a great deal of that was devoted to ornamentation. The front of the edifice was considered a fine specimen of the Corinthian order. On either side of the entrance were pedestals surmounted by statues. The pediment was adorned by emblematic alto-relievos. The frame of the building, the window frames and the outside doors were of wrought iron. The banking room proper was a parallelogram of 60 by 35 feet, with vaulted ceiling neatly painted into compartments. Of late years about all that remained to admire was the classic facade with the remains of the group of statuary, the familiar group of agriculture, commerce and plenty. Half a century ago it was, perhaps, one of the most important financial institutions in the country. It had an authorized capital of $12,000,000, and had negotiated nearly $6,000,000 worth of bonds. A publication of 1840 gave its officers at that time as E. Forstall, president; P. A. Delachaise, L. G. Hilligsberg, L. Lebeau, P. J. Tricou and B. Marigny as directors, and V. Patin, J. Dupre, D. Kenner, W. F. C. Duplessis, J. Armant and William McQueen directors for the State. J. B. Peerrault was the cashier at a salary of $10,000 a year, A. Morphy the attorney, and the bank had a branch and thirteen other employes. A few years before the bank had attempted to negotiate a loan of $12,000,000 in Europe but had failed for the want of satisfactory security. A few years later the Legislature authorized the addition of $1,000,000 to its capital stock, and also required the establishment of a number of branches. The old building has long since been abandoned, and the wreck has stood as a monument to its history. Long was it held sacred, but finally the tottering walls became a menace to the houses around and to the people passing, and the city surveyor ordered the ruin torn away. Now that the work has begun in earnest, many visited the spot and many were the stories told of Louisiana finances in those great days of old. It was perhaps fitting that the tottering survivor of the financial temple of the past should disappear, leaving the handsome, substantial and modern banks to exemplify the new order of finances in Louisiana, considered to be among the strongest and safest in the land."

TEXAS is reputed to have the only woman bank president in the United States. She is Mrs. Annie Moore, who is president of a National bank at Mount Pleasant, that State. She is described as well educated and having much business tact and experience.

PACIFIC STATES.

CALIFORNIA.—The Bank Commissioners have issued their semi-annual statement of the condition of the banks in California on July 1, 1893. It shows that there are sixty savings banks in the State, of which eleven are in this city and forty-nine in the interior. The savings banks of this city have a total of assets and liabilities of $118,094,434.06; those of the interior a total of $35,033,538.17, or a grand total of $153,127,972.23. The total paid-up capital of all the savings banks is $8,886,600, and the reserve amounts to $5,031,807. There is due the depositors the enormous sum of $138,019,874, of which $108,609,684 represents the deposits

in the city savings banks and $28,410,189 those in the interior savings banks. The total due to banks is $70,926, and the total of other liabilities is $1,118,763. The combined resources of these banks are as follows: Bank premises, $2,766,019; other realty, $1,161,517; stocks and bonds, $18,674,378; loans on real estate, $109,560,204; loans on stocks and bonds, $12,277,253; loans on personal security, $654,229; money on hand, $4,241,654; due from banks, $2,450,846, and other assets, $217,539. There are fifteen private commercial banks in the State, with a combined capital of $1,560,513.62, reserve of $317,607.40, and deposits of $1,143,962.67. They carry $1,045,152.35 of loans on personal security, $987,337.88 loans on real estate, $160,970.20 on stocks, bonds and warrants, $420,017.82 on real estate, $52,619.15 in bank premises, and have $270,038.88 on hand. There are 173 State commercial banks in the State, with a total of assets and liabilities of $122,746,218.34, of which the sixteen in San Francisco have $67,361,279.33, as against $55,384,939.01 for the 157 in the interior. These banks have a paid-up capital of $47,848,937.99 and a reserve of $17,810,934.54. They have deposits to the amount of $46,933,167.28. Their aggregate loans amount to $84,973,316.72, as follows: On real estate, $18,695,198.17; on stocks, etc., $11,726,108,17; on other securities, $5,375,782.64; on personal property, $49,176,227.74. These institutions have, or had on July 1st, $15 060,784.73 of cash on hand. They had due from banks and bankers $9.432,382.30, as against $8,128,535.10 due to bankers. Thirty-seven National banks filed reports, with a total of assets and liabilities at $27,459,194.32. The paid-up capital of these banks is $7,675,000, with $3,496,200 of reserve. On July 1st all the banking institutions in the State represented a grand total of assets and liabilities of $306,565,992, recapitulated as follows: Savings banks, $153,127,927.23; State commercial, $122,746,218.34; National banks, $27,459 194.32; private commercial, $3,232,597.11; total, $306,565,982.

Sterling exchange has ranged during August at from 4.82¼ @ 4.88½ for sight, and 4.79 @ 4.83½ for 60 days. Paris—Bankers' francs, 5.23¾ @ 5.17½ for sight, and 5.26¼ @ 5.21¼ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.81½ @ 4.82½; bankers' sterling, sight. 4.85¾ @ 4.86¼; cable transfers. 4.86¾ @ 4.87¼. Paris—Bankers', 60 days, 5.23⅛ @ 5.22½; sight, 5.20⅜@ 5.20. Antwerp—Commercial, 60 days, 5.25⅝ @ 5.25. Berlin—Bankers', 60 days, 94¼ @ 94⅜; sight, 95⅛ @ 95¼. Amsterdam—Bankers', 60 days, 39 13-16 @ 39 15-16; sight, 40 1-16 @ 40 3-16.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS:	Aug. 7.	Aug. 14.	Aug. 21.	Aug. 28.
Discounts	12 @ 15	12 @ 15	12 @ 15	15 @ 20
Call Loans	2 @ 5	2 @ 5	3 @ 5	2 @ 6
Treas. balances, coin	$60,372,561	$55,026,738	$51,579,473	$51,906,420
Do. do currency	10,518,702	9,326,106	8,421,181	8,001,720

The reports of the New York Clearing-house returns compare as follows:

1893	Loans.	Specie.	Legal Tender.	Deposits.	Circulation	Surplus.
Aug. 5	$408,717,500	$55,929,800	$23,288,700	$372,945,200	$6,302,900	*$14,017,900
" 12	411,795,700	53,624,800	22,880,700	372,203,500	7,036,000	*16,545,375
" 19	406,540,200	58,352,800	22,177,000	370,302,400	7,738,300	*12,045,800
" 26	403,607,400	62,930,900	22,951,400	370,479,900	8,780,200	*6,737,675

The Boston bank statement is as follows:

1893.	Loans.	Specie.	Legal Tender	Deposits.	Circulation.
Aug. 5	$149,486,100	$6,687,600	$4,293,900	$118,190,500	$7,214,100
" 12	150,041,100	6,788,300	4,079,900	116,054,800	7,570,400
" 19	149,807,200	6,807,600	4,161,600	114,306,400	8,101,300
" 26	149,485,500	7,090,100	4,288,100	120,765,300	8,502,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1893.	Loans	Reserves	Deposits.	Circulation.
Aug. 5	$101,493,000	$22,952,000	$93,355,000	$4,316,000
" 12	102,394,000	22,870,000	93,398,000	4,599,000
" 19	102,485,000	22,967,000	93,726,000	4,711,000
" 26	102,411,000	23,584,000	93,434,000	4,849,000

* Deficiency.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 154.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL.	Pomona.....	Peoples Bank (Re-opened).	Importers & Trad. Nat. Bank.
	$50,000	Wm. B. Dole, *P.*	John H. Dole, *Cas.*
			C. M. Stone, *Asst.*
"	..San Bernardino.	First Nat. B. (Re-opened).	Fourth National Bank.
	$100,000	Joseph Brown, *P.*	Oscar H. Kohl, *Cas.*
		M. B. Garner, *V. P.*	E. D. Elliott, *Asst.*
"	..San Francisco..	Columbian Banking Co...	Bank of America.
	$37,050	I. J. Truman, *P.*	C. O. Perry, *Cas.*
		W. S. Miller, *V. P.*	
COL.	Rico.....	First Nat. Bk. (Re-opened)	Mercantile National Bank.
	$50,000	G. B. Garrison, *P.*	E. C. Chesebro, *Cas.*
		Henry Klingender, *V. P.*	
CONN.	Derby	Home Trust Co.....	.....
	$25,000	George H. Peck, *P.*	Chas. N. Downs, *Tr.*
		H. Holton Wood, *V. P.*	
"	..Shelton..... ..	Shelton Savings Bank.....	.....
		Watson J. Miller, *P.*	Joseph Tomlinson, *Tr.*
		John H. Barlow, *V. P.*	
DEL.	Wilmington...	R. R. Robinson & Co. (Re-opened).	Drexel, Morgan & Co.
FLA.	Orlando.	H. G. Garrett.....	Merchants Exchange Nat. Bk.
ILL.	Chicago.....	Chicago City Bank.....	Hanover National Bank.
	$200,000	Louis Rathje, *P.*	Wm. J. Rathje, *Cas.*
		Henry Jaeger, *V. P.*	
"	..Nebo.....	Wm. Nevius Banking Co..	.....
	$10,000	Wm. Nevius, *P.*	Wm. Nevius, *Cas.*
			J. F. Lacy, *Asst.*
IND.	Churubusco....	Exchange Bank.....	....
	$10,000	(Oscar Gandy.)	Wm. Owen Gandy, *Cas.*
"	..Eaton.....	Farmers Bank.....	National Park Bank.
	$10,000		Joel W. Hamilton, *Cas.*
			J. L. Romy, *Asst.*
IOWA.	Halbur.....	Halbur Bank.....	.....
	$5,000		Chas. Walterscheid, *Cas.*
"	..Hudson.....	Hudson Savings Bank....	.....
	$15,000	John H. Leavitt, *P.*	Lewis R. Peifer, *Cas.*
		J. H. Washburn, *V. P.*	
"	..Mount Union...	Bank of Mt. Union.....	.....
	$10,000		W. R. Buchanan, *Cas.*
"	.North English..	Citizens Savings Bank....	.....
	$25,000	Samuel W. Mayne, *P.*	Geo. E. Swain, *Cas.*
"	..Ute.....	Palmer & Torrison.....	.....
			Richard Palmer, *Cas.*
"	..Walnut	German Bank.....	Hanover National Bank.
	$22,000	Chas. L. Lebeck, *P.*	John B. Johannsen, *Cas.*
			J. L. Bunker, *Asst.*
"	..Walnut.....	German Savings Bank....	United States National Bank.
	$10,000	Julius Hector, *P.*	J. F. Ronna, *Cas.*
			Otto Ronna, *Asst.*
KAN.	Ness City.....	Ness Co. State Bank.....	National Park Bank.
	$15,000	E. A. Slack, *P.*	J. F. McKinney, *Cas.*
		F. W. Daniel, *V. P.*	
KY.	Horse Cave....	Farmers Deposit Bank....	National Bank Republic.
	$15,000	T. H. Perkins, *P.*	John Altsheler, *Cas.*
		L. Veluzat, *V. P.*	J. M. Perkins, *Asst.*
"	..Madisonville....	Bank of Madisonville.....	.....
	$30,000	Chas. E. Morton, *P.*	John T. Adams, *Cas.*
LA.	Washington....	Washington State Bank.	Southern National Bank.
	$50,000	Joseph P. Russell, *P.*	Geo. W. Curtis, *Cas.*
		Leon Wolff, *V. P.*	
MINN.	Annandale	State Bank.....	Chase National Bank.
	$15,000	Cassius M. Buck, *P.*	Wm. McDonald, *Cas.*
		Henry C. Bull, *V. P.*	

State.	*Place and Capital*	*Bank or Banker.*	*Cashier and N Y. Correspondent.*
MINN.	Le Roy.....	First State Bank.....	Seaboard National Bank.
	$25,000	John Fronk, *P.*	Martin T. Dunn, *Cas.*
		Wentworth Hayes, *V. P.*	G. W. Harden, *Asst.*
"	..Minneapolis....	Peoples Bank (Re-opened).	Seaboard National Bank.
	$100,000	Emerson Cole, *P.*	Chas. E. Cotton, *Cas.*
		John G. Robb, *V. P.*	
"	..Waterville.....	Bank of Waterville.....	Mercantile National Bank.
	$30,000	James Slocum, Jr., *P.*	H. B. Hermsmeyer, *Cas.*
		M. R. Everett, *V. P.*	
MO	.....Amity.....	Bank of Amity.....	.....
	$10,000	Geo. Thompson, *P.*	Jacob P. Hays, *Cas.*
		Robt. H. Hays, *V. P.*	
"	..Dixon.....	Bank of Dixon.....	.....
	$10,000	Walter L. Wilson, *P.*	John Wilson, *Cas.*
		W. J. Grempczynski, *V.P.*	
"	..Monett.....	Commercial Bank.....	American Exchange Nat. Bk.
	$25,000	Phillip J. Lehnhard, *P.*	Daniel T. Wainright, *Cas.*
		Isaac Kohn, *V. P.*	Carl W. Lehnhard, *Asst.*
"	..Vandalia.....	Farmers & Merchants Bk.	.....
	$12,500	J. R. Bondurant, *P.*	W. L. Wright, *Cas.*
		J. J. Alexander, *V. P.*	
"	..Webb City.....	Exchange Bk. (Re-opened)	United States National Bank.
	$20,000	Joseph C. Stewart, *P.*	James P. Stewart, *Cas.*
			W. C. Stewart, *Asst.*
"	..West Plains....	Farmers & Merchants Bk..	Hanover National Bank.
	$25,000	D. F. Martin, *P.*	Sam F. Canterbury, *Cas.*
		T. B. Kilpatric, *V. P.*	
NEB.	....Omaha	Amer. Loan & Trust Co. (Re-opened).	.....
	$400,000	O. M. Carter, *P.*	A. C. Powell, *Cas.*
		C. T. Montgomery, *V. P.*	J. Fred Rogers, *V. P.*
N. Y.	....Buffalo	Queen City Bank (Re-opened)	National Park Bank.
	$300,000	Fred. C. M. Lautz, *P.*	D. Clark Ralph, *Cas.*
		J. N. Adam, *V. P.*	Wm. F. Creed, *2d V. P. & Mgr.*
"	..Holland.....	Bank of Holland.....	.....
	$25,000	Wm. B. Jackson, *P.*	Geo. E. Merrill, *Cas.*
		J. Wurst, *V. P.*	
"	..Williamson.....	R. M. Cheetham & Co....	Chase National Bank.
OHIO	...Jeffersonville...	Farmers Bank	Fourth National Bank.
	$20,000	J. R. Vannorsdall, *P.*	Silas M. Taggert, *Cas.*
		Ira D. Booco, *V. P.*	
"	..Portsmouth.....	Citizens Sav. Bk. (Re-opened)	Importers & Trad. Nat. Bk.
	$50,000	John W. Overturf, *P.*	J. W. Fulton, Jr., *Cas.*
"	..Rockford..	Rockford Savings Bank .	Chase National Bank.
			James S. Riley, *Cas.*
			C. Smith, *Asst.*
"	..Sabina.....	Sabina Bank (Re-opened).	Third National Bank.
		Isaac Lewis, *P.*	E. A. Lewis, *Cas.*
			W. B. Gallaher, *Asst.*
"	..Tiffin.....	Robert Miller & Son.....	Hanover National Bank.
	$75,000	Robert Miller, *P.*	Thomas A. Miller, *Cas.*
			H. E. Rhoads, *Asst.*
"	..Weston.....	Exchange Bkg. Co. (Re-opened)	.....
		A. J. Munn, *P.*	B. B. Buck, *Cas.*
ORE.	....Junction City..	Farmers & Merch. Bank...	Chase National Bank.
	$50,000	J. A. Bushnell, *P.*	W. C. Washburne, *Cas.*
		Geo. W. Pickett, *V. P.*	
S. C...	Florence.....	Bank of the Carolinas (Re-opened)	.....
		John P. Coffin, *P.*	C. H. Thomas, *Cas.*
		J. P. McNeill, *V. P.*	
TEXAS.	.Alice.....	Presnall & Mosser.....	Importers & Traders Nat. Bk.
	$10,000		P. A. Presnall, *Cas.*
"	..Alvin.....	Alvin Exchange Bank.....	Merchants Exchange Nat. Bk.
	$10,000	John S. Hidden, *P.*	Oscar S. Cummings, *Cas.*
		C. S. Cummings, *V. P.*	
"	..Belden.....	Morris Co. Bank.....	National Bank Republic.
	$25,000	J. H. Mathews, *P.*	John C. Martin, *Cas.*
		W. J. Galloway, *V. P.*	
"	..Itasca.....Citizens National Bank....		Hanover National Bank.
	$60,000	R. P. Edrington, *P.*	E. E. Griffin, *Cas.*
		W. H. Webb, *V. P.*	W. B. Hadley, *Asst.*

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
UTAH...	Provo City.....	Nat. Bk. of Commerce (Re-opened)	U. S. Nat. Bank.
	$50,000	Richard Brereton, *P.*	Herman S. Martin, *Cas.*
		F. H. Simmons, *V. P.*	John Marwick, *Asst.*
WASH..	New Whatcom.	Whatcom County Bank...	Hanover National Bank.
	$50,000	(Chas. W. Waldron)	P. E. Dickinson, *Cas.*
WIS....	Cedarburgh	Farmers & Merchants Bk..	....
	$20,000	(Wm. F. Freund).	
"	..Hillsboro	Citizens Bank.....	.....
	$5,000	(L. H. E. Webster).	
MAN'BA.	Emerson	Duncan McArthur.....	.....
"	..Morden	Union Bank of Canada....	National Park Bank.
		C. R. Dunsford, *Mgr.*	

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from August No., page 152.*)

Bank and Place.	*Elected.*	*In place of.*
N. Y. CITY.	Garfield National Bank.....	W. H. Gelshenen, *P.*.....	A. C. Cheney.*
"	.Manhattan Company Bank..	John S. Kennedy, *P., pro tem.*	
"	.Sherman Bank.....	E. N. Howell, *P.*.....	Chas. E. Bulkley.
ARK....	Peoples Bank, Bentonville.	Jas. M. Bohart, *Cas.*.....	J. G. McAndrew.
		J. F. Bohart, *Asst*.....	.....
CAL....	First National Bank, Colton.	J. W. Roberts, *P.*.....	John W. Davis.*
		S. M. Goddard, *V. P.*.....	J. W. Roberts.
"	..First National Bank, Oakland..	P. E. Bowles, *V. P.*.....	A. D. Thomson.
"	..Oakland Bk. of Savgs., Oakl'd..	Isaac L. Requa, *P.*.....	E. C. Sessions.
"	..Riverside Nat. Bk., Riverside...	Jas. H. Goodhue, *Asst*....	P. T. Evans.
"	..Mutual Sav. Bk., San Fran.....	Geo A. Story, *Cas.*.....	Jas. A. Thompson.
CONN...	Birmingham Nat. Bk., Birmingham.	Chas. H. Nettleton, *V. P.*..	D. W. Plumb.*
"	..First Nat. Bank, Bridgeport....	Wm. E. Seeley, *P.*.....	E. S. Hawley.
"	..Windham Co. N. B., Brooklyn.	C. P. Backus, *Cas.*.....	John P. Wood.*
"	..Berlin Sav. Bk., Kensington....	Wm. Bulkeley, *P.*.....	Alfred North.
"	.First National Bank, Litchfield.	Geo. E. Jones, *P.*.....	.....
		Chas. E. Wilson, *Cas.*.....	Geo. E. Jones.
"	..Windsor Locks Sav. Bk., Windsor Locks.	William Mather, *P.*.....	J. H. Hayden.
DAK. S.	Union Nat. Bk., Sioux Falls....	B. H. ReQua, *Cas*.....	Chas. E. Johnson.
"	..Watertown National Bank, Watertown.	F. R. Clement, *P.*.....	A. C. Mellette.
		A. C. Mellette, *V. P.*.....	T. D. Ellefson.
		C. G. Church, *Cas*.....	J. W. Martin.
		F. N. Hawley, *Asst*.....	C. F. Kendrick.
FLA....	First Nat. Bk., Gainesville.....	E. E. Voyle, *Cas*.....	D. F. Graham.
GA.....	I. C. Plant & Son, Macon.....	C. D. Hurt, *Cas*	Luther Williams.
IDAHO...	Idaho Nat. Bk., Pocatello.....	E. E. Calvin, *V. P.*.....	A. B. Richardson.
ILL.....	Dixon National Bank, Dixon ..	Chas. H. Hughes, *Cas.*....	James A. Hawley.
"	..First Nat. Bank, Earlville.....	R. O. Dupee, *V. P.*.....	Lewis Taylor.*
IND.....	Citizens Nat. Bank, Attica.....	John W. Rhode, *V. P.*....	C. G. Jones.*
"	..Union Co. Nat. Bk., Liberty .	Chas. D. Johnson, *Asst*..	Frank Husted.
"	..Citizens State Bk., Noblesville..	W. E. Dunn, *P.*.....	T. P. Haughey.
"	Summitville Bank, Summitville.	Jas. A. J. Brunt, *P.*.....	.....
		Maurice Warner, *Cas.*.....	J. O. Allen.
"	..First National Bank, Vevay....	J. B. Tandy, *V. P.*.....	.....
IOWA...	Castana Sav. Bk., Castana.....	J. B. P. Day, *P.*.....	H. M. Whinery.
"	..Bank of Clare.....	W. M. Merritt, *P.*.....	C. J. Saunders.
"	..Bank of Delmar.....	D. W. Hurst, *P.*.....	W. J. Creglow.
"	..Valley Nat. Bk., Des Moines...	R. A. Crawford, *Cas*.....	M. M. Crookshank.
"	..Hardin County Bank, Eldora.	C. McK. Duren, *P.*.....	.....
		Ellis D. Robb, *Cas*.....	C. McK. Duren.
"	..City Nat. Bk., Mason City.....	A. H. Gale, *Cas.*.....	H. A. Merrill.
"	..Oxford State Bank, Oxford	L. R. Wolfe, *P.*.....	Lewis Linebarger.
KAN....	Valley State Bank, Hutchinson.	J. J. Welch, *Asst*..... ...	.....

* Deceased.

	Bank and Place.	*Elected.*	*In place of*
KY.	Second Nat. Bk., Louisville	C. C. McClarty, *Cas.*	Geo. S. Allison.
ME.	First Nat. Bk., Ellsworth	Henry W. Cushman, *Cas.*	Fred L. Kent.
MD.	Third Nat. Bk., Baltimore	N. B. Mediary, *Cas.*	N. B. Mediary, *Act.*
"	Third Nat. Bk., Cumberland	Will H. Shepherd, *V. P.*	.....
MASS.	Beverly Nat. Bk., Beverly	Allen H. Bennett, *Cas.*	A. Stevens.*
"	Haverhill Sav. Bank, Haverhill	Raymond Noyes, *Tr.*	Fred W. Coffin.*
"	Millis Savings Bank, Millis	Osgood T. Dean, *Tr.*	Chas. G. Brackett.
"	Pittsfield Nat. Bk., Pittsfield	H. A. Brewster, *Cas.*	Edw. J. Francis.
MICH.	City National Bank, Lansing	F. J. Hopkins, *Asst.*	.....
"	Whitehall State Savings Bk., Whitehall.	Hiram E. Staples, *P.* Albert Mears, *V. P.*	I. M. Weston. .....
MINN.	State Bk., Good Thunder	F. H. Morlock, *Cas.*	Asa C. Wilmot.
"	Nat. Farmers Bk., Owatonna	B. S. Cook, *V. P.*	.....
"	Bank of Zumbrota, Zumbrota.	E. V. Canfield, *P.* S. B. Barteau, *V. P.* D. B. Scofield, *Cas.*	S. B. Barteau. ..... E. V. Canfield.
MO.	First Nat. Bank, Cameron	Jas. E. Goodrich, *Cas.*	C. J. Stevens.*
"	Farmers Exchange Bank, Gallatin.	John W. Meade, *P.* Elwood D. Mann, *Cas.*	Milt. Ewing. John W. Meade.
"	American Nat. Bk., Kan. City	A. A. Whipple, *Cas.*	J. E. McKee.
"	Kansas City Clearing House, Kansas City.	W. S. Woods, *P.*	J. S. Chick.
"	Bank of Saline, Marshall.	T. C. Rainey, *P.* A. J. Haynes, *V. P.*	Jas. A. Goodwin. A. L. Hawkins.
"	Farmers Sav. Bk. Marshall	T. W. Lacy, *Cas*	.....
"	Mexico Savings Bank, Mexico.	J. E. Ross, *P.* W. W. Fry, *V. P.*	William Stuart. J. E. Ross.
"	First Nat. Bank, Plattsburg	C. E. Jones, *Asst.*	J. S. Hockaday.
MONT.	Yellowstone Nat. Bk., Billings	W. A. Evans, *Asst.*	Geo. B. Parker.
"	Helena Nat. Bk., Helena	E. D. Edgerton, *P.*	S. C. Ashby.
NEB.	City Nat. Bk., David City	Arthur Myatt, *Cas.*	Edw. E. Leonard.
"	First National Bank, Grant.	P. R. Johnson, *P.* E. P. Brown, *Cas.*	O. M. Carter. P. R. Johnson.
"	Tecumseh N. B., Tecumseh	A. W. Buffum, *V. P.*	Chas. McCroskey.*
N. H.	Conn. River N. B., Charlestown	Herbert W. Bond, *Asst.*	.....
N. J.	N. J. Title Guar. & Trust Co., Jersey City.	J. E. Hulshizer, Jr., *Sec.* & *Tr.*	Geo. W. Young.
"	Farmers Nat. Bk., Mt. Holly	Jno. B. Davis, *Cas.*	I. P. Goldsmith.*
N. MEX.	Bank of Roswell	John W. Poe, *P.*	S. M. Folsom.
N. Y.	Bank of Commerce, Buffalo	Chas. C. Oliver, *2d Asst.*	.....
"	Hydraulic Bank, Buffalo	John Y. Sloan, *Cas.*	J. B. Spencer.
"	Bank of Jamaica, Jamaica.	John H. Sutphin, *P.* Abram Van Siclen, *V. P.*	F. W. Dunton. John H. Sutphin.
"	Pulaski Nat. Bk., Pulaski	Ella M. Clark, *P.*	Helen A. Clark.*
OHIO.	First Nat. Bk., Flushing	David Branson, *P.*	Jacob Holloway.*
ORE.	First National Bank, Grant's Pass.	S. F. Cass, *P.* James T. Tuffs, *V. P.*	J. C. Campbell. H. C. Kinney.
"	First Nat. Bk., The Dalles	J. M. Patterson, *Cas.*	H. M. Beall.
"	Sherman Co. Bank, Wasco	John Medlar, *P.*	W. M. Barnett.
PA.	Citizens Nat. Bank, Corry	L. W. Olds, *V. P.*	Martin Stark.
"	Danville Nat. Bank, Danville	Robert M. Grove, *V. P.*	.....
"	Farmers Nat. Bank. Ephrata	J. Konigmacher, *V. P.*	.....
"	Duquesne Nat. Bk., Pittsburgh	James McKay, *2d V. P.*	.....
"	White Haven Sav. B., W. Hav.	W. B. Mitchell, *Act. Cas*	Stephen Maguire.
"	First National Bank, York	Jacob D. Schall, *V. P.*	.....
TENN.	First National Bank, Union City.	L. S. Parks, *V. P.* Geo. G. Bell, *Asst.*	J. E. Beck. P. P. Thomasson.
TEXAS.	First Nat. Bank, Atlanta	W. A. Howe, *V. P.*	J. G. James.
"	Farmers Nat. Bk., Henrietta	J. A. Frazar, *P.*	John G. James.
"	First Nat. Bank, Lampasas	L. H. Baggett, *P.*	E. J. Marshall.
"	First National Bank, Navasota.	H. Schumacher, *P.* A. H. Ketchum, *V. P.*	F. W. Brosig.* H. Schumacher.
VA.	First National Bank, Buchanan.	James Mundy, *V. P.* J. Z. Schultz. *Cas.*	J. Z. Schultz. Jno. M. Miller, Jr.
"	Planters Nat. Bk., Danville	W. J. Foulkes, *Cas.*	W. H. White.
WASH.	Marine Sav. Bk., Ballard	L. H. Pontius, *Cas.*	I. W. Cruthers.
"	First National Bank, Hoquiam.	Geo. W. Hertges, *P.* Wm. L. Adams, *Cas.*	F. D. Arnold. H. W. Smith.

* Deceased.

Bank and Place.	*Elected.*	*In place of.*
WASH. Yakima Nat. Bk., N. Yakima	W. I. Lince, *V. P.*	R. K. Nichols.
" Columbia Nat. Bk., Tacoma	W. G. Peters, *Act. Cas.*	N. B. Dolson.
WIS. Citizens National Bank, Stevens Point.	Louis Brill, *V. P.*	.....
	R. H. Russell, *Asst.*	.....
" First National Bank, Stevens Point.	A. R. Week, *P.*	E. G. Newhall.
	James Reilly, *V. P.*	A. R. Week.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from August No., page 159.)

NEW YORK CITY.....Hamilton Loan & Trust Co. reported closed.
" .....Madison Square Bank in hands of receiver.
" .....H. L. Hotchkiss & Co. reported failed.
" ....Wm. L. Patton & Co., stockbrokers, reported failed.
ALA....Birmingham....First National Bank reported closed, will probably resume.
" ..Decatur.....First National Bank reported suspended.
" ..Gadsden.....First National Bank reported suspended.
" ..Montgomery....J. B. Trimble & Co. reported assigned.
" ..Montgomery....Josiah Morris & Co. reported assigned, now resumed.
" .New Decatur...Exchange Bank assigned.
ARIZ....Phoenix.....Hartford Banking Co. reported assigned.
CAL....Pomona.....Peoples Bank has resumed business.
" ..San Bernardino.Farmers Exchange Bank has resumed business.
" ..Santa Ana. ...First National Bank has resumed business.
COL....Crested Butte...Bank of Crested Butte has resumed business.
" ..Denver.....Commercial National Bank has resumed business.
" ..Denver.....Denver Trust & Safe Deposit Co. reported assigned.
" . Denver .....German National Bank will probably resume.
" ..Denver.....Mercantile Bank has resumed business.
" ..Denver.....National Bank of Commerce has resumed business.
" ..Denver.....Peoples National Bank has resumed business.
" ..Denver.....State National Bank has resumed business.
" ..Denver.....Union National Bank has resumed business.
" ..Greeley.....Greeley National Bank has resumed business.
" ..Leadville.....American National Bank reported closed has resumed.
" ..Pueblo.....American National Bank has resumed business.
" ..Pueblo.....Central National Bank has resumed business.
" ..Pueblo.....Western National Bank reported closed.
" ..Rico.....First National Bank has resumed business.
DEL....Wilmington....R. R. Robinson & Co. have resumed business.
FLA....De Land.....Volusia Co. Bank reported closed.
" ..Jacksonville....Dime Savings Bank reported suspended.
" ..Leesburgh.....Bank of Leesburgh reported assigned.
" ..Tavares.....Bank of Tavares reported closed, will resume.
IDAHO..Nampa.....First Bank reported closed.
ILL....Altamont.....C. M. Wright & Co. reported suspended.
" ..Carbondale.....Richart & Campbell reported assigned.
" ..Chicago.....Lazarus Silverman reported suspended.
" ..Chicago.....South Side State Bank reported in hands of receiver.
" ..Jacksonville....Central Illinois Banking & Savings Association reported closed.

ILL.	Mansfield	Mansfield Bank reported assigned.
"	Nunda	Exchange Bank assigned.
"	Oswego	Oswego Bank reported assigned.
"	Paxton	Ford Co. Bank reported assigned.
"	Plano	E. L. Henning suspended, has since resumed.
"	Yellow Creek	Bank of Yellow Creek reported closed.
"	Yorkville	Kendall Co. Bank reported closed.
IND.	Attica	Citizens National Bank closed, has now resumed.
"	Churubusco	Exchange Bank reported closed.
"	Colfax	Commercial Bank reported in liquidation.
"	Hammond	First National Bank reported closed.
"	Martinsville	Mitchell's Bank reported in voluntary liquidation.
"	Muncie	Citizens National Bank in hands of receiver.
"	Terre Haute	Prairie City Bank reported assigned.
IND. T.	So. McAlester	South McAlester Bank reported gone into liquidation.
IOWA	Akron	Akron Savings Bank reported closed.
"	Angus	Exchange Bank reported assigned.
"	Davis City	Citizens Bank reported assigned.
"	Doon	Doon Bank reported closed.
"	Dubuque	First National Bank reported suspended.
"	Garden Grove	Garden Grove Bank reported assigned.
"	Le Mars	First National Bank reported closed.
"	Le Mars	German-American Savings Bank reported closed.
"	Le Mars	German State Bank closed, will reopen.
"	Le Mars	Le Mars National Bank reported closed.
"	Leon	Farmers & Traders Bank reported assigned.
"	Merrill	Farmers & Merchants Bank reported suspended.
"	Perry	Commercial Bank reported assigned.
"	Ute	First Ute State Bank closed, succeeded by Palmer & Torrison.
"	Vail	Citizens Bank assigned.
"	Webster City	Hamilton Co. State Bank closed, will resume.
KAN.	Anthony	Anthony Savings Bank reported failed.
"	Anthony	First National Bank has resumed business.
"	Cherryvale	First National Bank reported closed, resumed September 1st.
"	Fort Scott	First National Bank resumed business.
"	Gypsum	Gypsum Valley Bank assigned.
"	Hutchinson	Hutchinson National Bank has resumed business.
"	Jamestown	State Exchange Bank reported suspended.
"	Marion	First National Bank insolvent; in hands of receiver.
"	Ness City	Ness County Bank succeeded by Ness County State Bank.
KY.	Louisville	Fourth National Bank has resumed business.
"	Louisville	Merchants National Bank reported resumed.
ME.	Richmond	Richmond Savings Bank reported closed.
MASS.	New Bedford	New Bedford Safe Deposit & Trust Co. reported closed.
MICH.	Addison	Exchange Bank has discontinued business.
"	Sturgis	National Bank of Sturgis reported suspended.
MINN.	Lake Crystal	Marston, Larson & Davis reported suspended.
"	Le Roy	Bank of Le Roy succeeded by First State Bank.
"	Mankato	First National Bank closed, will resume.
"	Mankato	Mankato National Bank reported closed.
"	Mankato	National Citizens Bank closed temporarily, will soon resume.
"	Minneapolis	Commercial Bank closed, will probably resume.
"	Minneapolis	Peoples Bank has resumed business.
"	North Branch	Bank of North Branch reported closed.

MINN...Rochester.....Union National Bank reported closed; will probably resume.
" ..St. James.....Old Bank of St. James reported closed.
" ..St. Paul.....National German-American Bank reported closed, will resume.
" ..St. Paul.....Peoples Bank reported closed, will resume.
" ..St. Paul.....West Side Bank reported closed, will reopen.
" ..Waseca. .....Peoples Bank closed temporarily.
" ..Waterville.....Bank of Waterville (M. R. Everett) has been incorporated.
MO.....Albany .....Bank of Albany closed, will probably resume.
" ..Bolivar .....Bank of Bolivar incorporated, same officers and correspondents.
" ..Cassville.....Citizens Bank closed; expect to resume.
" ..Harrisonville..First National Bank reported closed.
" ..Kansas City....Mechanics Savings Bank title changed to Mechanics Bank.
" ..Kansas City...National Bank of Kansas City reported resumed.
" ..Kansas City....Western Trust & Savings Association reported assigned.
" ..Kingston.....Caldwell Co. Bank reported closed.
" ..Polo.....Exchange Bank reported closed.
" ..Springfield.....Bank of Springfield reported closed, will probably resume.
" ..Springfield.....Green County Bank reported assigned.
" ..Webb City. ...Exchange Bank has resumed business.
MONT..Big Timber....First National Bank has gone into voluntary liquidation.
" ..Bozeman.....Gallatin Valley National Bank retiring from business.
" .Helena.....Second National Bank has consolidated with Helena National Bank, under latter title.
" ..Miles City.....Stock Growers National Bank in hands of receiver.
" ..Wh. Sul. Spgs..First National Bank reported suspended.
NEB....Bassett .....Farmers & Merchants Bank reported closed.
" ..Holstein.....Holstein Bank, title changed to Holstein State Bank.
" ..Omaha.....American Loan & Trust Co. reported resumed.
" ..York.....First National Bank reported suspended.
N. H...Farmington ...Farmington Savings Bank enjoined from doing business.
N. Y... Brooklyn.....Commercial Bank reported closed.
" ..Buffalo .....Queen City Bank has resumed business.
" ..Le Roy.....F. C. Lathrop reported assigned.
" ..Wellsville.....Henry N. Lewis reported assigned.
N. C....Winston.....Peoples National Bank reported suspended.
OHIO...Akron.....Akron Savings Bank reported resumed.
" ..Akron.....Citizens Savings & Loan Association reported resumed.
" ..Cardington ....Cardington Banking Co. reported closed.
" ..Lynchburg.....Lynchburg Bank assigned.
" ..Portsmouth....Citizens Savings Bank has resumed business.
" ..Sabina..... ....Sabina Bank has resumed business.
" ..Weston.....Exchange Banking Co. has resumed business.
ORE....Portland..... O. & W. Mortgage Savings Bank closed.
" ..The Dalles.....First National Bank will resume.
PA.....Columbia.....E. K. Smith & Co. reported closed to liquidate.
" ..Ebensburg.....Johnson, Ruck & Co. reported closed.
" ..Hyndman.. ...National Bank of South Pennsylvania reported closed.
" ..Lebanon.....Lebanon Trust & Safe Deposit Bank reported closed.
" .Meadville.....Farmers Co-operative Bank closed; expect to reorganize under a State charter.
R. I....Providence.....State Bank reported closed.
S. C....Florence.....Bank of the Carolinas, with branch at Williston, has resumed business; all other branches disposed of.
TENN...Dayton.....First National Bank reported suspended.
" ..Lewisburg.....Peoples Bank reported closed, will resume.

TENN	Martin	Bank of Martin suspended temporarily, has now resumed.
"	Nashville	American National Bank reported suspended, will resume.
"	Nashville	City Savings Bank suspended temporarily, will soon resume.
"	Nashville	First National Bank reported suspended.
"	Pulaski	Citizens National Bank paying 10 per cent., balance 90 days.
"	Pulaski	Commercial Bank & Trust Co. 60 days' notice claimed.
"	Pulaski	Peoples National Bank; old deposits paid 10 per cent. cash, balance certified checks payable 90 days.
TEXAS.	Alvord	Peoples Bank reported suspended.
"	Dallas	Central National Bank has gone into voluntary liquidation.
"	El Paso	El Paso National Bank reported closed.
"	Henrietta	Farmers National Bank has resumed business.
"	Lockhart	First National Bank reported closed.
"	Robert Lee	Coke County Bank closed, has now resumed.
"	Rockwall	Farmers and Merchants National Bank has gone into voluntary liquidation.
"	San Antonio	Texas National Bank in hands of receiver.
"	San Marcos	First National Bank reported suspended.
"	Sonora	Sutton County Bank reported closed.
"	Vernon	First National Bank in hands of receiver.
"	Waco	State Central Bank retiring from banking business.
"	Waxahachie	Waxahachie National Bank reported closed has resumed.
VT.	Bristol	S. M. Dorr's Sons reported closed.
"	Rutland	S. M. Dorr's Sons reported closed.
VA.	Abingdon	Bank of Abingdon reported closed.
"	Abingdon	Exchange & Deposit Bank reported closed.
"	Big Stone Gap.	Bank of Big Stone Gap reported suspended.
"	Danville	W. S. Patton Sons & Co. reported in voluntary liquidation.
"	Farmville	Commercial Savings Bank reported assigned.
"	Iron Gate	Bank of Iron Gate has gone into liquidation.
"	Rocky Mount	Franklin Bank closed temporarily.
WASH.	Colfax	Bank of Colfax closed; expect to reorganize as a State bank.
"	Ellensburgh	Ellensburgh National Bank reported closed.
"	Hoquiam	First National Bank and Hoquiam National Bank consolidated under former title.
"	Tacoma	Traders Bank reported resumed.
"	Tacoma	Washington National Bank insolvent; in hands of receiver.
W. VA.	Wellsburg	Bank of Wellsburg reported closed, will probably resume.
"	Wheeling	Exchange Bank reported closed.
WIS.	Baraboo	Baraboo Savings Bank reported assigned.
"	Colby	Exchange Bank reported closed.
"	Eau Claire	Commercial Bank reported resumed.
"	Ellsworth	Bank of Ellsworth reported closed.
"	Glenwood	Bank of Glenwood has discontinued business.
"	Hillsborough	Bank of Hillsborough discontinued.
"	Plainfield	Bank of Plainfield reported assigned.
"	Platteville	First National Bank reported suspended.
"	Portage	City Bank has resumed business.
"	Pt. Washington.	German-American Bank reported resumed.
"	Racine	Union National Bank reported closed.
"	Rice Lake	Barron Co. Bank reported assigned.
"	River Falls	Bank of River Falls suspended, will resume.
"	Stevens Point	Commercial Bank reported closed.
"	Tomah	Bank of Tomah reported assigned.

WIS....Waupaca.....Waupaca Co. National Bank reported closed, will probably resume.

WYO...Cheyenne.....First National Bank reported closed, will probably resume.

PROJECTED BANKING INSTITUTIONS.

COL....Denver.....International Savings Bank & Loan Co.; capital, $100,000.

CONN...Bridgeport.....Industrial Savings Bank. Patrick Coughlin, President; John L. Copeland, Vice-President; John F. Noble, Secretary; George C. Waldo, Treasurer.

ILL.....Chicago.....Marquette Safety Deposit Co.; capital, $1,000,000. Incorporators: Owen F. Aldis, A. S. Northcote, Milton P. Randall.

IND....Oxford.....Bank of Oxford opened.

IOWA...Clinton.....Standard Loan & Trust Co.; capital, $30,000.

ME.....Rumford Falls..Rumford Falls Trust Co.

MICH...Rockford.....New bank established by Lacy & Burkhead.

NEB....Ashland.....New bank to be started by C. N. Folsom and S. L. Sears.

N. H...Exeter.....The organization of the National Bank of Exeter has been effected with the following directors: John J. Bell, W. N. Dow, Wm. P. Chadwick, D. Gilman, Geo. W. Illsley, J. E. Gardner and E. G. Flanders.

TEXAS..Alvin.....Alvin Exchange Bank.

VA.....Lynchburg.....Union Trust and Deposit Co.; capital, $300,000. C. T. Plunkett, President; T. D. Jennings, Vice-President; W. G. Pitman, Cashier.

W. VA..Wheeling.....$75,000 has been subscribed for a new bank at this place. Organizers: John G. Hoffman, Geo. E. Stifel, C. Hess, S. M. Rice.

DEATHS.

BLAKE.—On August 1, aged sixty-seven years, PRENTISS M. BLAKE, of the firm of Blake, Barrows & Brown, Bangor, Maine.

BROSIG.—On July 31, FERDINAND W. BROSIG, President of First National Bank, Navasota, Tex.

BRYANT.—On August 5, aged eighty-two years, WARREN BRYANT, President of Buffalo Savings Bank, Buffalo, N. Y.

COFFIN.—On July 29, aged thirty-seven years, FRED W. COFFIN, Treasurer of Haverhill Savings Bank, Haverhill, Mass.

FERRIS.—On August 20, aged seventy-one years, HIRAM G. FERRIS, President of Hancock Co. National Bank, Carthage, Ill.

STEVENS.—On August 1, aged fifty-four years, AUGUSTUS STEVENS, Cashier of Beverly National Bank, Beverly, Mass.

WILKINSON.—On August 17, aged eighty years, W. S. WILKINSON, President of National Bank of Morrison, Ill.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1893

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in August.

GOVERNMENTS.	Interest Periods.	Opening.	Highest.	Lowest.	Closing.
2s, 1907 ... reg.	Quarterly Mar.	95	98	95	98
4s, 1907 ... reg.	Jan	108	112	107½	110
4s, 1907 ... coup.		108	112	107½	110
6s, cur'cy, 1895, reg.	Feb.	102	103	101	101
6s, cur'cy, 1896, reg.	Jan.	104	105	103	103
6s, cur'cy, 1897, reg.	&	107	108	106	106
6s, cur'cy, 1898, reg.	July.	108	110	108	109
6s, cur'cy, 1899, reg.		110	111	110	111

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Atlantic & Pacific	—	2	1¾	—
Canadian Pacific	68½	74⅝	67½	—
Canada Southern	40½	47	39¼	46⅞
Central of N. J.	90½	101	89⅜	101½
Central Pacific	17½	19	16¾	—
Ches. & Ohio.	14	17⅛	13¼	16⅞
Do 1st pref.	—	—	—	—
Chic. & Alton	—	130	126	130
Do pref.	—	—	—	—
Chic., B. & Q.	74	80½	71½	80¼
Chic. & East'n Ill	—	53¼	51	—
Do pref.	—	91	85	—
Chic., M. & St. P.	52⅝	58¼	50¼	57⅝
Do pref.	104½	112½	104	—
Chic. & N. W	91¾	99¾	90¼	98½
Do pref.	134	135	128	134
Chic., R. I. & P.	56½	62	54⅜	61½
Chic., St. P., M. & O.	28¾	32	27¼	31¾
Do pref.	—	102½	94	101½
C., C., C. & St. L.	31½	36½	30	35¾
Do pref.	—	—	—	—

RAILROAD STOCKS.	Opening.	Highest.	Lowest.	Closing.
Col. Fuel & Iron	—	23½	19	—
Col., H. Valley & Tol.	14½	17¼	11¾	—
Del. & Hudson	109	114	107½	111½
Del., Lack. & W.	138½	141	130½	136⅞
Den. & Rio Grande	9⅝	10¾	8¼	—
Do pref.	29	30¾	27	29½
East Tenn. V & G.	—	⅜	¼	¼
Do 1st pref.	—	—	—	—
Do 2d pref.	—	—	—	—
Evansville & T. H.	83	93	80	90
Illinois Central	89½	93¾	89	—
Lake Erie and Western	14¼	15¾	13	—
Do pref.	55¾	64	55	—
Lake Shore	110½	119	109	118⅝
Long Island	90	95	90	94
Louisville and Nashville	53½	58⅝	52	55
Louisville, N. Alb & Chic.	—	13¾	10	13¼
Manhattan Consol	109	119	105	119
Mexican Central	—	6	6	—
Michigan Central	80	86⅛	79⅞	86
Mil., L. S. & W.	—	—	—	—
Do pref.	—	—	—	—
Minn. & St. Louis	—	11	6	11
Do pref.	—	28½	19	28¼
Mo., Kan. & Texas	—	11⅝	9⅝	11⅛
Do pref.	16	19	14¼	17⅛
Missouri Pacific	20	23½	18¼	22½
Nash., C. & St. L.	—	60	55	—
N. Y. C. & Hudson	99	102	96¾	101¾
N. Y., C. & St. L.	—	13¼	11	13
Do pref.	—	53	52	—
N. Y., L. E. & W.	10½	15	10	15
Do pref.	21¾	29¾	21½	29¾
N. Y. & New Eng	19⅞	23¼	17	22⅞
N. Y., Ont. & W.	13¾	14¾	12½	14½
N. Y., Sus. & W.	10	12½	9½	12⅛
Do pref.	—	42½	37	42½
Norfolk & Western	—	6¼	6	—
Do pref.	—	22⅞	20	22⅞

MISCELLANEOUS.	Opening.	Highest.	Lowest.	Closing.
Northern Pacific	8	9	3¾	6⅛
Do pref.	21	24½	15¼	23
Ohio & Mississippi	—	15	11¾	—
Ohio Southern	—	—	—	—
Oregon R. & N.	42	43	32	42
Oregon Short Line	7¼	9	7	—
Pacific Mail	9¾	11¼	9¼	11½
Peoria, Decatur & Evansville	6¾	8	6½	7½
Philadelphia & Reading	13⅛	18⅛	12¼	17¾
Pullman Palace Car Co.	136 x	155	132	—
Rich. & W. P. Term.	1	2¼	1	2½
Rio Gr. Western	—	—	—	—
Do pref.	—	—	—	—
Rome, W. & Ogd.	—	101	98½	—
St. Louis, A. & T. H.	—	27.	20	—
Do pref.	—	—	—	—
St. Louis & San Francisco	—	—	—	—
St. Paul & Duluth	—	29	22	—
Do pref.	—	97	90	90
St. Paul, M. & M.	96	100	95½	—
Southern Pacific Co.	—	21¾	17¾	20¾
Texas & Pacific	5½	6½	5	6½
Union Pacific	18¾	22¾	16½	22¼
Wabash, St. Louis & Pacific.	6½	7⅝	5¾	7⅜
Do pref.	12½	15¾	11⅞	15⅜
Wisconsin Central	—	6¾	4¾	—
MISCELLANEOUS—				
Am. Cotton Oil Trust.	28¾	33½	25	32⅝
Nat. Lead Trust	22½	29⅞	21½	29⅞
Tenn. Coal & Iron	12¾	15	10¾	15
Express—Adams.	—	141	134	140⅜
American	105	110	100	108
United States	—	50	45	—
Wells-Fargo	—	140	125	130
Sugar Refineries	68	86	64½	84⅞
Do pref.	70	85½	68	84½
Western Union.	75½	81	72⅝	80
Wheel. & Lake E.	12⅜	13¾	10	12
Do pref.	38⅞	43⅜	36⅞	—